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ABSTRACT

Designed to help community and junior colleges in Texas establish their own approach to economic development services, this report reviews innovative programs providing assistance to business and industry in many parts of the United States. After chapter I discusses the changing role of community and junior colleges in economic development activities, chapter II defines various types of business services, including procurement outreach centers, small business development centers, business incubators, college-based education and training programs, loan programs, and community and business needs assessments. Chpater III discusses the role of key players in economic development efforts, including the Council of Governments, private industry councils, elected officials, schools and colleges, and citizens' groups. After chapter IV describes the Business and Industrial Development Center at Northeast Texas Community College, which assists businesses with contract procurement, capital requirements, marketing, and computer problems, chapter V establishes priorities for the expansion of the center's services. Chapter VI discusses the design and success of seven programs in other states, chapter VII considers the advantages of a comprehensive approach to business support, and chapter VIII offers synopses of relevant research articles. Finally, chapter IX presents recommendations for state and institutional action. An extensive appendix provides forms, agreements, questionnaires, information on various sources of financial assistance and on procurement centers operating in Texas, sample articles of incorporation and by-laws for an industrial foundation, survey instruments, an outline for an economic revitalization program, relevant legislation, brochures, and program descriptions. Includes 127 references. (AAC)

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FINAL REPORT

Contract Number 88104019

A MODEL BUSINESS AND INDUSTRIAL DEVELOPMENT PROGRAM FOR COMMUNITY COLLEGES

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TEXAS HIGHER EDUCATION COORDINATING BOARD

Community Colleges and Technical Institutes Division

Austin, Texas

June 1988

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FOREWORD

Shortly after the inception of Northeast Texas Community College, a severe economic depression engulfed Northeast Texas. Unemployment climbed to more than 50 percent in one county within the college taxing district. Many Northeast Texans experienced for the first time hunger and the inability to pay their bills.

With this economic climate, college officials reprioritized a number of college objectives. Providing leadership for and assistance with the development of economic options became a very important new short- and long-range college objective.

Under the strong leadership of Dr. Jack Foreman of NTCC, the college launched an aggressive assault upon the sluggish area economy. The emergence of the BID Center is an example of one of several programs which were simultaneously developed to combat the economic depression. It has been a genuine pleasure to observe the precision-planned evolution of the very successful BID Center.

The BID Center has been successful for the following reasons:

1. The program has been "master-planned" with carefully plotted goals, objectives, and timelines.
2. The high quality of personnel which make or break all programs has made this program successful.
3. Area economic conditions have encouraged businesses to be receptive to the BID Center.

I congratulate the BID Center upon its success to date and remind each person who has helped with this project that "the NTCC team is no better than our last ball game," which simply means to keep up the good work. I hope that this report will assist other colleges across Texas, as they endeavor to serve better the needs of their districts.

Wayland DeWitt

Dr. Wayland DeWitt
President
Northeast Texas Communtiy College

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We gratefully acknowledge the individuals listed below for their contributions to this report.

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I. INTRODUCTION

I. INTRODUCTION

The traditional view of the role of the community and junior colleges in economic development activities has been as a provider of training and education to meet the needs of business and industry in the college's service area. However, the economic challenges of the 1980s and beyond are moving many colleges to define a broader role for themselves which encompasses job creation as the bottom line objective. The time is rapidly approaching when the community or junior college which only trains workers for existing jobs is considered to be performing only half of its duty to the citizenry it serves.

This Model Plan for Economic Development is a review of innovative programs providing assistance to business and industry in many parts of the United States. It is intended to serve as a blueprint for other colleges in Texas to follow in setting up their own "One Stop Shopping" approach to business assistance services. The design and success of programs in Texas and in other states, as well as at the Business and Industrial Development (BID) Center at Northeast Texas Community College (NTCC), is examined in detail.

The role in economic development of the key players outside the academic institution is reviewed. Success or failure of the best-designed, college-sponsored program may well depend on the cooperative linkages forged with and between these players.

This report also serves as a planning document for NTCC. It sets forth the priorities for expansion of the business assistance programs offered by the BID Center over the next several years.

A synopses of relevant research articles is also included. These abstracts were prepared to facilitate the building of a common body of knowledge among the authors of this report, without the necessity of each committee having to read the three-foot stack of articles represented in the bibliography. The reader may utilize the synopses along with the bibliographic references to delve deeper into specialized subject areas.

Readers are advised that the perspective of the authors is that of economic development in a primarily rural area. The NTCC service area includes some of the highest unemployment rates in the state. Workers displaced by a virtual shutdown of Lone Star Steel Company require both new employment opportunities and retraining. Thus, many of the problems encountered and solutions recommended may not be appropriate for more urban, industrialized parts of Texas.

This economic development model does not purport to be a definitive source book for economic development activities in rural cities and counties. Rather, it simply attempts to provide a sound foundation for various approaches to local economic development activities and efforts. The model may prevent some rural communities from reinventing the economic development "wheel" by serving as a modest beginning from which local development officials can expand their knowledge and skills.

Although many rural leaders and elected officials have expressed a desire for a "how-to" book on economic development, the very nature of development activity does not culminate in a single set of correct procedures. To be effective, the economic development process must be specifically tailored to a community's particular requirements, and it must realistically utilize available resources.

Those requirements and resources can only be established by individual community members who understand local needs and local conditions. Simply put, effective economic development is largely a matter of a community making wise choices from a wide range of possibilities. The authors hope to have contributed to this process.

II. DEFINITION OF BUSINESS SERVICE/SUPPORT COMPONENTS IN AN ECONOMIC DEVELOPMENT EFFORT

II A. PROCUREMENT OUTREACH CENTER

Procurement Outreach Centers (POC) are known by several different names (i.e., Contract Assistance Center, Bid Center), but each shares the common definition of being a publicly funded activity organized to generate local employment by assisting businesses in obtaining government contracts.

The dimensions of this market are incredible. In calendar year 1984 the U.S. Department of Commerce reported the federal government alone spent $633 billion acquiring goods and services. This represented 17.3 percent of the nation's entire gross national product for that year. Most POCs also assist in distributing information regarding state and local government contracts, an additional $503 billion annual market.

By the mandate of Public Law, most of this money must be spent through a competitive public bidding process. This fact provides an opportunity for even the smallest business capable in a given product or service area to compete against Fortune 500 companies on equal footing. Much of the competitive advantage of the corporate giant is neutralized by the low-cost resources available to small businesses through their local POC.

There are 25 POCs currently in operation in Texas (see Appendix M). Most are dependent upon funding provided by their local Private Industry Council's utilizing federal Job Training Partnership Act monies. A provision of the 1982 legislation allows the funding of employment-generating activities. This serves to focus the POC on job creation and retention as the bottom line measure of success for the program.

The Texas Association of Private Industry Councils (TAPIC) has published a report entitled A Community Prescription for Business Retention (1988), on procurement centers in Texas. This document is the definitive work on the status of the POC initiative in this state. Respondents to the TAPIC survey reported serving a total of 3,062 clients who have, since 1984, obtained 712 contracts totaling $109.5 million in value. Using an economic multiplier of 5 to assess the total economic impact of these efforts, proponents of POCs laid claim to a $1/2 billion economic impact in four years.

The typical POC expends most of its resources in the identification of government contract opportunities. The principal source of this information for contracts over $25,000 is the Commerce Business Daily. Each center reads each issue of this document either manually or by using an automated procedure to alert its clients of government purchases of the client's product or service in an appropriate geographic area.

Should the client decide to pursue this contract lead, the POC's role is to provide reference materials such as Military Specifications/Military Standards and to assist in understanding the paperwork generated in pursuit of the contract. Packaging requirements, bonding, bar codes, quality control, and invoicing are other areas frequently addressed by the POC staff.

All POC's responding to the TAPIC survey also assist in the identification of government facilities that regularly purchase smaller amounts of the client's product or service. These facilities maintain mailing lists which the POC refers to the client and assists in the preparation of an application for placement on the list.

A survey was sent to the 25 known POC currently in operation in Texas to supplement the information obtained in the TAPIC report referenced above. Responses were received from 16 centers. The information obtained leads to the following observations and conclusions:

1. Most centers are still fairly new. Only one respondent started operations prior to 1986.

2. Six centers reported funding in excess of $100,000 per year exclusive of in-kind contributions. Seven Centers operate on $75,000 to $100,000 funding. Only three centers are funded below $75,000 per year. Average funding is $127,236 per year.

3. Eleven centers receive in-kind contributions from their host organization (office space, equipment) or contributions from local businesses. The annual average is just under $40,000.

4. Only one respondent considered its current budget inadequate although several others expressed "wish lists" which would enable them to increase services.

5. Respondents were asked to evaluate their chances for continued funding at current levels. Nine felt their chances were only "fair" while seven thought their prospects were "good" or "excellent." There appeared to be no direct correlation between this evaluation and the track record of success of each center.

6. Respondents reported cumulative contract awards of over $179 million to the 2,456 clients currently being served.

7. There is a strong, if imperfect, correlation between the contracts awarded and a center's operating budget and staffing level. Generally, centers with only one staff member and an operating budget below $75,000 per year are poor producers. Every center with over $100,000 per year funding has produced in excess of $1.4 million in contracts.

8. The data suggest a cost range of $500-$1,000 per year per client served and an average of one staff member per 50 clients served. These figures may vary widely depending on the level of automation which supports the staff's efforts and the range of services offered at the center.

9. Few centers report any contracts awarded during the first six months of operation. A definite learning curve affects a POC and its clients and leads to a dramatic acceleration of awards around the first anniversary date of the center.

10. Favorable geography can contribute to a POC's success. Densely populated urban areas with nearby major federal installations have a natural advantage in any cohort comparison. However, rural areas without the advantages detailed above can nevertheless make significant contributions to their area's economic development.

RESPONSE TO PROCUREMENT CENTER SURVEY

	Start Up	Budget	In-Kind	Funding Status	Continued Funding	# of Employees	Clients	$ Contracts	$ Contracts After 6 Months
# 1	1987	$ 86,700	$97,000	Adequate	Good/Fair	4	65	$ 750,000	$ 750,000
# 2	1987	111,290	20,000	Adequate	Fair	2	205	5,600,000	1,700,000
# 3	1987	57,600	30,514	Adequate	Fair	1	101	150,000	150,000
# 4	1987	74,981	60,000	Adequate	Fair	2	141	225,000	225,000
# 5	1986	82,000	10,000	Inadequate	Fair	1.35	205	3,093,419	1,985,268
# 6	1986	80,000	-0-	Adequate	Excellent	1.5	110	3,000,000	-0-
# 7	1986	75,000	-0-	No Resp.	Excellent	1.33	36	202,000	-0-
# 8	1988	90,000	22,500	Adequate	Excellent	2	114	5,000	5,000
# 9	1987	87,000	-0-	Adequate	Fair	2	25	30,000	30,000
#10	1986	60,000	14,400	Adequate	Fair	1	No Resp.	No Resp.	No Resp.
#11	1986	307,997	79,681	Adequate	Fair	4.5	450	97,086,690	-0-
#12	1983	499,408	75,000	--	Excellent	12.75	650	56,790,754	-0-
#13	1986	162,737	19,000	Adequate	Good	6	130	3,389,054	281,223
#14	1986	103,997	-0-	Adequate	Good	2	65	1,376,739	-0-
#15	1987	100,000	20,000	Adequate	Fair	3	100	1,800,000	-0-
#16	1987	57,060	11,000	Adequate	Good	1.4	59	5,953,482	-0-

POCs, in operation throughout the nation, began to be established in Texas only in 1984. Since that time, however, they have built a record of performance which identifies them as an integral component of an economic development strategy.

These individuals can be contacted for assistance in establishing a POC:

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II B. SMALL BUSINESS DEVELOPMENT CENTER (SBDC)

Definition

The Small Business Development Center (SBDC) program is a major business development program of the U.S. Small Business Administration (SBA). The SBDC operates under the general management and oversight of SBA but with recognition that a partnership exists between the SBA and the SBDC for the delivery of assistance to the small business community. SBDCs, if effective, offer "one-stop" assistance to small businesses--making a wide variety of information and guidance available in central and easily accessible locations.

SBDC services are provided pursuant to a negotiated cooperative agreement with full participation of the federal government, the state and local governments, the education community, and the private sector. SBDCs operate on the basis of an initial state plan approved in writing by the Governor to provide assistance throughout the state. As a condition to any financial award made to an SBDC, nonfederal funds must be provided from sources other than the federal government. SBDCs operate under the provisions of P.L. 96-302, as amended by P.L. 98-395, a Notice of Award (Cooperative Agreement) issued by SBA, the SBDC Policy Guidelines, and the provisions of a Program Announcement.

Purpose

SBDCs serve as a principal delivery organization for providing small business management assistance and furthering economic development throughout the state or region being served. The SBDC program is designed to provide quality assistance to small businesses in order to promote growth, expansion, innovation, increased productivity and management improvement. SBDCs serve as the focal point for linking resources of the federal, state, and local governments with the resources of the educational system and the private sector to meet the specialized and complex needs of the small business community. SBDCs also act in an advocacy role to promote local small business interests.

Program Objectives

The overall objective of the SBDC program is for leverage of federal dollars and resources with those of the state, educational community, and private sector to

1. strengthen the small business community;
2. contribute to the economic development of the communities served
3. make assistance available to more small businesses than is now possible with present federal and state resources and
4. create a broader-based delivery system to the small business community throughout the area.

Program Organization and Terminology

Begun as a pilot program on an experimental basis in 1977 in eight states, there are now SBDCs in 46 states comprised of over 500 service locations. Some states have more than one SBDC--Texas has four and New York two. In fiscal 1987 the SBDC program budget totaled $35 million or 64 percent of the aggregate $55 million SBA business development budget.

Normally in each state there is an organization known as the "lead" SBDC endorsed by the Governor, which sponsors the SBDC and from which the statewide director manages the program. The lead SBDC receives financial assistance from the SBA to operate the statewide program of comprehensive small business management assistance. The SBDC program also includes those organizations which receive funding through the lead SBDC to provide services to the small business community. These participating organizations are referred to as SBDC subcenters. The combination of the lead SBDC and the SBDC subcenters is referred to as the

"SBDC network" or "SBDC Program." These subcenters are located at colleges, universities, community colleges, vocational schools, Chambers of Commerce, economic development corporations, or downtown storefronts.

Program Operation

The SBDC subcenter provides administrative services including, but not necessarily limited to: (1) program development, (2) program management, (3) promotion and public relations, (4) financial accounting, (5) reports management, and (6) internal quality control. Records are maintained in the subcenter indicating the federal, state, local, and private sector resources available from the SBDC network and the SBA and the types of services provided to clients.

A subcenter provides services as geographically proximate as possible to small businesses and utilizes satellite locations when necessary. The facilities and staff of each subcenter are located strategically to provide maximum accessibility and benefits to the small business which the subcenter is intended to serve. A Small Business Development Center includes:

1. a staff, including a full-time director who has the authority to make expenditures under the subcenter's budget and who manages the subcenter's activities;
2. access to a cadre of volunteers to counsel, assist, and inform small business clients;
3. access to technology transfer agents to provide state-of-the-art technology to small businesses through coupling with national and regional technology data sources.
4. access to information specialists to assist in providing information searches and referrals to small business;
5. access to professionals to conduct training and research and to provide counseling assistance whenever the need arises.

SBDCs coordinate with other SBA programs of business development such as SCORE (Service Corps of Retired Executives) and ACE (Active Corps of Executives), as appropriate, to expand SBA services and avoid duplication of effort. Further, SBDCs are encouraged to utilize fully both the resources of other government programs concerned with aiding small business and of the Small Business Institute (SBI) Program (see II G).

For more information these regional SBDC Network coordinators can be contacted:

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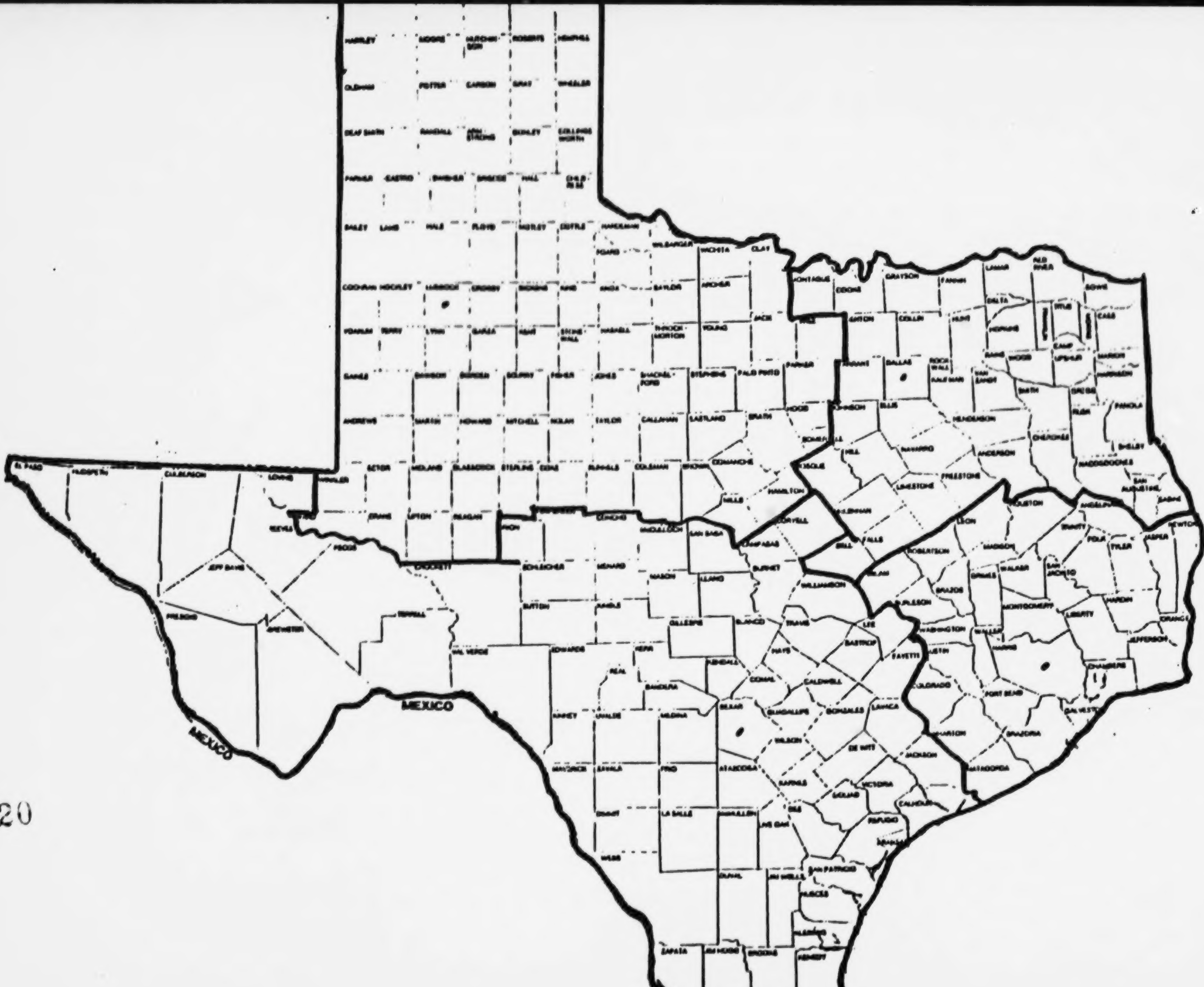
TEXAS SBDC NETWORK—REGIONAL RESPONSIBILITIES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KLEBERG
KENEDY
WILLACY
BROOKS
JIM HOGG
JIM WELLS
DUVAL
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LIVE OAK
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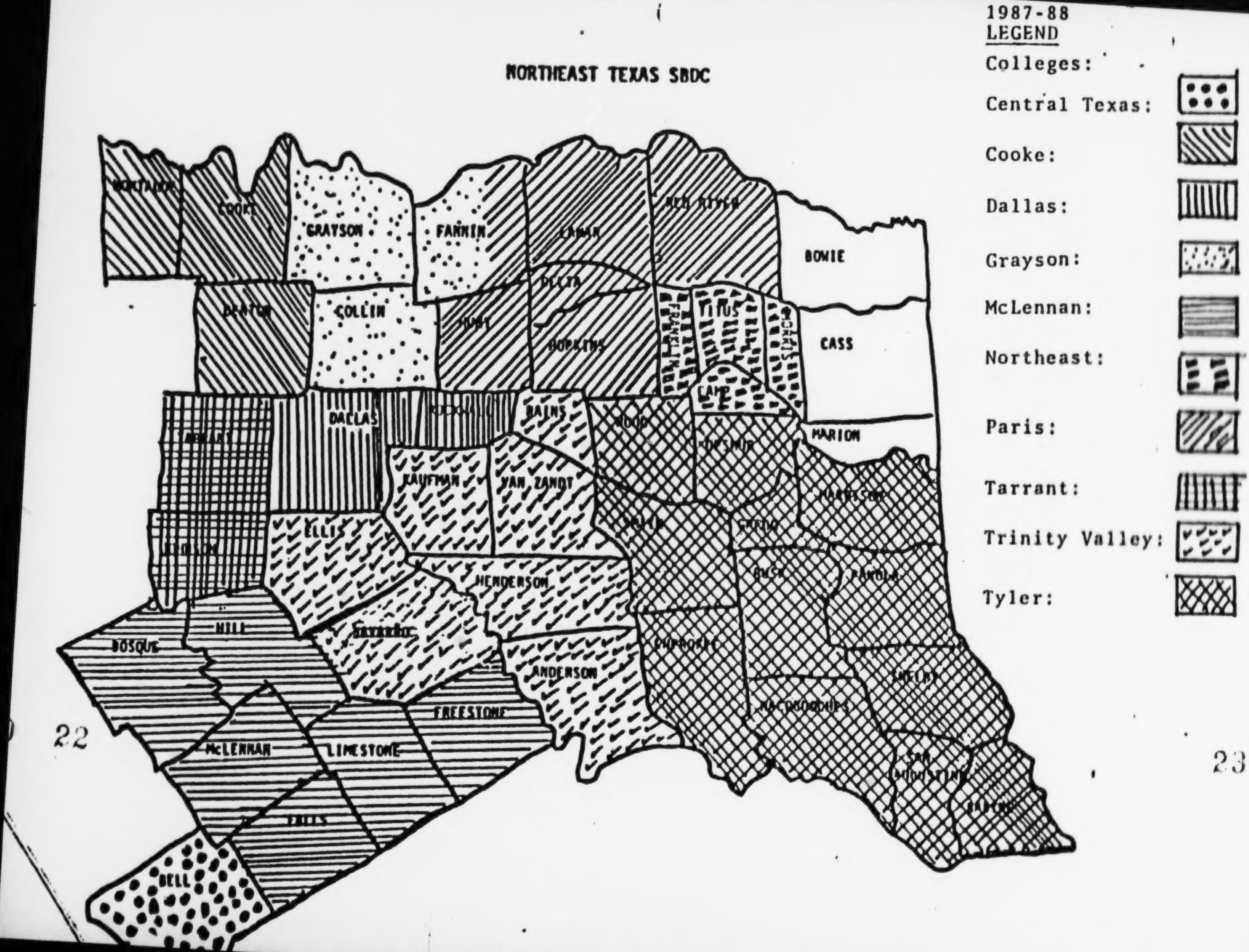
NORTHEAST TEXAS SBDC
1987-88
LEGEND
Colleges:
Central Texas:
Cooke:
Dallas:
Grayson:
McLennan:
Northeast:
Paris:
Tarrant:
Trinity Valley:
Tyler:
MONTAGUE
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RED RIVER
BOWIE
DENTON
COLLIN
HUNT
DELTA
HOPKINS
FRANKLIN
TITUS
MORRIS
CASS
CAMP
TARRANT
DALLAS
ROCKWALL
RAINS
WOOD
UPSHUR
MARION
KAUFMAN
VAN ZANDT
HARRISON
JOHNSON
ELLIS
SMITH
GREGG
RUSK
PANOLA
HENDERSON
Navarro
HILL
BOSQUE
ANDERSON
CHEROKEE
SHELBY
NACOGDOCHES
FREESTONE
McLENNAN
LIMESTONE
SAN AUGUSTINE
SABINE
FALLS
BELL

II C. SMALL BUSINESS INCUBATOR

What is a small business incubator . . . .

According to the U.S. Small Business Administration, a small business incubator "is a flexible method of encouraging the development of new businesses and fostering local economic development." In physical terms an incubator is a facility that aids the early-stage growth of businesses by providing support mechanisms such as affordable rental space, shared services and equipment under one roof, and access to a wide range of professional, technical, and financial assistance.

What is the purpose of an incubator . . . .

The purpose of an incubator is to help in successfully launching new businesses by making it easier for them to survive the critical, early stages of business development. It is generally recognized that less than 50 percent of all businesses make it through their early years. Inadequate management and undercapitalization are most often cited as the reasons for small business failures. Incubators give new businesses "breathing room" to learn from a variety of resources and from their own errors that otherwise could be fatal. In addition, valuable working capital is preserved by reduced overhead in an incubator facility. Incubators can be appropriate components of development strategies for urban, suburban, and rural economies; for areas of growth, stagnation, and decline; and for new enterprises in a wide range of industries.

Who benefits from small incubators . . . .

Small businesses, the community, and sponsoring organizations all benefit from incubators in different ways. Sponsors of incubator facilities are quite diverse, and their objectives often differ like their management orientations. Motivations may include job creation, community redevelopment, vacant buildings utilization, profit making, marketing outlets for the sponsor's products or services, general economic and business development, or some combination of the above. Although objectives and orientations may differ, the universal purpose of increasing the chances of a businesses surviving its formative years must be kept in mind at all times.

What are the essential characteristics of incubators . . .

Incubators come in a wide variety of types; however, they do share a group of essential characteristics. First, the businesses have their own private spaces, but they share common office equipment and common areas. Second, the businesses share office, secretarial, and telecommunications services. In more fully equipped incubators, professional services such as accounting, legal, personnel, marketing, technical advice, and business counseling/training are provided or arranged. The business incubator may provide or arrange access to the sources of capital needed by the new business. Finally, there is a conscious recognition and encouragement of the synergies possible among a resident group of start-up enterprises.

What are the forms of small business incubators . . . .

Four generic forms of small business incubators have developed in response to an array of problems or opportunities. The industrial incubator is normally sponsored by quasi-government and nonprofit groups using government funds. Its objectives are to create jobs by creating new employers in high unemployment areas which have a need for revitalization. A second form is the university-related incubator which is intended to assist in the commercialization of science and technology produced by university research. The purely private, office space incubator development provides shared space, equipment and services for image-conscious start-up and upscale service businesses. The fourth form involves the efforts of businesses to recruit new enterprises into an incubator environment so that the sponsor's services can be sold to them or so that investments can be made in the new businesses.

II D. CERTIFIED DEVELOPMENT COMPANY PROGRAM
Small Business Administration

Introduction

As an amendment to the Small Business Investment Act of 1958, the Small Business Administration's Certified Development Company Program was enacted on July 2, 1980, with the primary purpose of stimulating the growth and expansion of small businesses within a specified geographical area. Small businesses contribute jobs, innovation, and healthy competition to the American economy, accounting for more than 50 percent of the private sector employment in the United States. More importantly, small businesses generate 60 to 70 percent of all new private sector jobs, and they also account for half of all innovations and new technologies in this century.

A long-term credit gap exists for small- and medium-sized businesses in this country. Most commercial banks are predominantly short- to medium-term lenders (five to ten years), most savings institutions generally have been residential lenders, and the majority of insurance companies and pension funds prefer large projects of over $1 million. Long-term financing for commercial or industrial property for small businesses, however, is more difficult to obtain. There are few readily available sources, particularly in distressed areas. Yet, small businesses need long-term financing for land improvements and expansion.

The Certified Development Company Program allows private lenders to provide long-term, fixed asset financing through SBA-supported loans, based on subordinate SBA second mortgage financing in the form of 100 percent SBA guaranteed debentures. By providing this service, the program enables communities to create jobs, expand business ownership opportunities, increase the local tax base, and offer improved community services. In addition, the program is a flexible economic development tool that can be used for city or regional development, neighborhood revitalization, and minority enterprise development. Through this joint federal government/private sector program, financing for the acquisition of land and building construction, expansion, renovation, and equipment is available to small business concerns up to 20 years.

Requirements of a Certified Development Company

A Certified Development Company (CDC) may operate on a local, regional, or statewide basis. It may be organized as a private nonprofit corporation or a for-profit stock corporation. The following requirements must be met:

The company must have a minimum of 25 members or stockholders and a defined area of service which may be statewide or smaller.

The company must include representation from all of the following groups:

1. private lending institution
2. community organization
3. business organization
4. government at the appropriate level

The development company's members or stockholders must be representative of the defined area of operations and must include participants from the appropriate level of government that represents the area of operation. For example, development companies operating on a statewide basis should have representation from an economic development agency of the state government. Citywide development companies must have representation from the county government. Multicounty development companies must have representation from each county government in the area of operation or a representative from an organization of which the county governments are a member (e.g., an Economic Development District, a Regional Planning Commission, or a Regional Council of Governments).

The development company must have a professional staff with the capacity to package, process, close, and service its loans. Furthermore, the development company must be able to provide professional accounting and legal services to small business concerns. These functions may be provided either by the development company's membership, or on a contractual basis (subject to SBA approval), or by a qualified firm or qualified individuals who live or do business in the company's area of operation. If staff capabilities are provided on a contractual basis, persons providing these services must be available to the development company when their services are required.

The development company must contain a five-person board of directors which meets at least bimonthly. At least one private lending institution must be represented on the board.

No member, shareholder or group of shareholders, or members of the development company may own either a direct financial interest in the project or have an individual or combined voting control in the development company of more than 10 percent of the total outstanding stock or membership.

The CDC must have wording in its incorporation papers indicating that its chief purpose is to "promote and assist the growth and development of business concerns including small businesses," and "any monetary profit or other benefits which flow to shareholders (members) shall be incidental to the corporation and shareholders.

Establishing a Certified Development Corporation

In order to establish a Certified Development Corporation in a given area, the following requirements must be met:

1. The area to be served by the certified development corporation must be identified.

2. Individuals interested in forming an organization that will play an important role in the economic development of their area must be involved. Certified development corporation membership (25 members are required) must include representation for all of the following groups: local government, a private lending institution, a community organization, and/or a business organization.

3. A minimum of five officers and directors must be selected. These include a president, vice-president, a secretary, and a treasurer. At least one private lending institution must be represented on the board of directors. The board of directors is required to meet bimonthly and participate actively in management decisions such as the making and servicing of loans by the development corporation.

4. Individuals and organizations must provide the financial management services that SBA requires for each participating certified development corporation to be identified and enlisted.

5. A lawyer should draw up the articles of incorporation and the bylaws for the certified development corporation based on sample forms obtained from the SBA.

6. A membership list should be prepared and should contain the following information: name, address, telephone number, occupation, and percentage of ownership or voting control of each member. The list must also contain the name, address, telephone number, occupation of the individual or organization performing each staff capability required by the certified development corporation. The specific function provided by each individual and his related experience must be identified.

Eligibility

A small business must meet the following guidelines:

1. It must be a for-profit corporation, partnership, or proprietorship.

2. The net worth of a business may not be in excess of $6 million, and its net profit after taxes must have averaged less than $2 million during the previous two years.

3. For a manufacturing company, the business must have no more than a prescribed number of employees based on SBA-size standard regulations. Either standard may be used.

Ineligible Activities

SBA certified development company financing is not available for nonprofit organizations; print media, such as newspapers and magazines; lending institutions, such as banks and finance companies; gambling facilities; recreation facilities unavailable to the public; and investment real estate. Further, a certified development company is prohibited from owning any equity interest in a small business concern which has received Section 504 assistance.

Responsibilities and Liabilities

A Certified Development Company has the following areas of responsibility and liability:

1. A certified development company will be required to inject an amount equal to 10 percent of the funds needed to finance a given project. The 10 percent injection may come from the small business receiving assistance.

2. Each certified development company must maintain a place of business open to the public during business hours and must maintain its own telephone number.

3. In order to maintain its certification, a certified development company must provide financial assistance to at least one small business each fiscal year.

4. The certified development company is required to submit an annual report containing financial statements, management information, a full activity report in narrative form, and data that analyze the impact of its assistance on small business concerns.

5. In the event of a default on a debenture issued by a certified development company, the liability of the company to SBA as guarantor shall be limited to all payments by the small business concern to the certified development company that have not been transmitted to SBA, and the collateral securing the loan. However, the development company has the responsibility to service the loan of the small business concern and ensure the timely payment of the debenture's principal and interest.

Section 504 Debentures

The proceeds of a Section 504 debenture shall be used to assist an identifiable small business concern to finance

1. land acquisition;

2. plant construction, including acquisition and installation of machinery and equipment; and

3. conversion or expansion of existing buildings and leasehold improvements.

The SBA-guaranteed debenture may not exceed $500,000 and may not comprise more than 50 percent of the project's total cost. The interest rate on Section 504 debentures shall not be less than a rate determined from time to time by the Secretary of the Treasury, taking into consideration the current average market yield on outstanding marketable United States obligations with comparable maturities. Such rate may be obtained from a local SBA office.

The maturity of a Section 504 debenture shall not exceed 20 years. The term will depend upon the economic life of the asset being financed.

The contract between the certified development company and the small business concern shall set forth terms and conditions acceptable to the small business and SBA not to exceed the following:

1. repayment with interest on the Section 504 debenture and the first mortgage nonfederal financing in the project,

2. taxes and insurance on the plant,

3. servicing costs of the debenture which normally do not exceed one-half of 1 percent per annum on the outstanding balance of the debenture,

4. a processing fee to cover administrative costs of the loan, which may not exceed 1.5 percent of the amount of the debenture.

All debentures guaranteed under this program shall be secured to the extent SBA determines as reasonable to ensure repayment. SBA shall require that the certified development company's required 10 percent injection be subordinated to the loan made from the proceeds of the 504 debenture. Usually collateral on the 504 development company projects include a mortgage on the land and the building being financed; liens on machinery, equipment, and fixtures; lease assignments; and personal guarantees where appropriate.

The Certification Process

Applications for certification as a certified development corporation must be submitted on Form 1246 to the SBA field office servicing the area in which the prospective certified corporation is located. The SBA field office will forward the application, along with its recommendation, to the Associate Administrator for Financial Assistance in Washington, D.C., for final determination of eligibility. Qualified companies shall receive a certificate of eligibility for participation in the program. The following material must be submitted to SBA in the development corporation's application for certification:

Articles of Incorporation

Bylaws

Resolution from the board of directors that gives SBA the authority to certify applicant

List of officers and directors

List of members

List of staff capabilities and individuals who perform those functions

Statement that no member controls more than 10 percent of the development corporation's stock or voting membership

SBA Form 912 on officer and directors

Resume on officers, directors, and individuals performing staff functions

Organizational chart on operating structure of the certified development corporation

The certified development corporation's operating plan

The certified development corporation's area of operation and information on the place of business

Financial statements

II E. ECONOMIC DEVELOPMENT DISTRICTS

Editors note: This section draws heavily on the 1977 U.S. Department of Commerce publication, ECONOMIC DEVELOPMENT DISTRICTS, A JOB-CREATING PROGRAM. However, some revisions have been made in order to update the content to today's date.

The Economic Development Administration (EDA) provides funds to support projects designed to alleviate conditions of substantial and persistent unemployment and underemployment in economically distressed areas and to address dislocations resulting from sudden, and major job losses.

A Job-Creating Program

Multicounty cooperation in planning and development is among the more important tools for helping to build solid economic bases in economically lagging communities and those hit by economic dislocation.

The Public Works and Economic Development Act of 1965 authorizes the formation of Economic Development Districts--usually composed of 5 to 10 counties--to help solve the job and income problems in areas of high unemployment or low family income.

To get started, groups of adjacent counties with similar or related economic problems must first have the approval of the Governor to form a district. At least one of these counties must be a designated Redevelopment Area, eligible for Economic Development Administration grants and loans.

There must also be a growth center--a city or center of economic activity that contains a population of not more than 250,000 and has the development potential to provide jobs and services for the Redevelopment Area's unemployed or underemployed.

If the district is to get moving, it must have a grassroots development board--an organization representative of area economic, political, civic, and social interests.

At least a majority of the board members will be local elected officials; one-third will be nongovernment people. The membership will include men and women from industry and labor, banking and business, farming, and the professions, as well as representatives of the unemployed. Minorities must be represented in proportion to their numbers but not necessarily exceeding 25 percent.

This governing body must decide where the district wants to go and how it plans to get there. It must come up with a blueprint for action.

Administrative Aid

Congress in passing the Public Works and Economic Development Act recognized that a district organization might need financial assistance in its planning and development activity. So Congress authorized EDA to pay up to 75 percent of the administrative expenses in support of economic development plannint efforts of district organizations.

This help becomes available after provisional district boundaries have been defined and a representative organization has been established. The funds provided by EDA are used to hire a professional staff for the district organization, for the planning work undertaken by the district, and for related expenses required to put the district's program into action.

The primary objective is to support the formulation and implementation of economic development programs designed to create or retain full-time permanent jobs and income, particularly for the unemployed and underemployed in the most distressed areas.

Overall Economic Development Programs

The economic action design is called an "Overall Economic Development Program" (OEDP). Its purpose is to provide the District organization with a management plan and work program.

Part of the task is to determine the condition of the local economy, including its population, labor force, unemployment, job needs, available skills, resources, industrial and commercial buildings and sites, recreational and historical areas, and other assets.

Along with this effort, the district committee and staff--working with all the key economic and social interests--develop goals for improving the district economy. These goals then are translated into the district's own strategy for development. The purpose is to clear the way for local action and to help open doors to all available federal, state, and private aid programs--not just those of EDA.

When the OEDP is approved by the state and EDA, the District is officially designated by the Assistant Secretary of Commerce for Economic Development and becomes eligible for additional financial assistance provided by the act.

EDA Funded Programs

Technical Assistance - Funds under the Technical Assistance Program are awarded to eligible applicants to provide a wide range of assistance. The assistance is intended to assume the successful initiation and implementation of area, state, regional or national efforts designed to alleviate economic distress. Eligible applicants include public or private nonprofit, national, state, area, district or local organizations; public and private colleges, Indian tribes, local governments, and state agencies.

University Center Projects - The objective of these projects is to enable colleges and universities to contribute to overall economic development by using their resource to provide technical assistance that will alleviate or prevent conditions of excessive unemployment or underemployment and problems of distressed populations in individual states or sub-state areas.

Research and Evaluation Projects - These funds are used to support studies that will increase knowledge about the causes of economic distress and approaches to alleviating such problems.

Eligible applicants are private individuals, partnerships, corporations, associations, colleges and universities, and other suitable organizations.

Economic Adjustment Assistance (Title IX) - These funds are used to assist areas experiencing long-term economic deterioration (LTED) and areas threatened or impacted by sudden and severe economic dislocation (SSED). The LTED Program assist eligible applicants in implementing strategies that halt and reverse the long-term decline of their economies. Grants for Revolving Loan Funds (RLF) are usually provided under the LTED/RLF Program. The SSED Program assists eligible applicants to respond to actual or threatened major lob losses (dislocations) and other severe economic adjustment problems. A grant to develop a strategy to respond to dislocation (Strategy Grant) or to implement an EDA approved strategy (Implementation Grant) may be available.

Public Works and Development Facilities Assistance - These funds are used to finance public works and development facilities that contribute to the economic development of depressed ares by the creation or retention of private sector jobs and the alleviation of unemployment and underemployment. Rating criteria is established for the following three programs under this assistance:

A) Public Works Project;
B) Public Works Impact Program; and
C) Industrial Park Projects.

Guaranteed Loans - EDA will guarantee up to 80% of the principal and interest of loans to be made to private borrowers for the purchase of fixed assets and/or for working capital purposes for projects located in areas eligible for EDA assistance. EDA loan guarantees are made available to help businesses expand, establish or maintain operations in both urban and rural eligible areas.

Other Financial Assistance

Beyond administrative assistance and the aid generally provided to designated Redevelopment Areas under the EDA program, other tools especially designed to help districts are provided. Some of them are:

* **A 10 Percent Bonus on Public Works.** Depending on the seriousness of their economic distress, single Redevelopment Areas--under general provisions of the EDA Act--are entitled to grants ranging between 50 and 80 percent of the project cost to help finance public works projects of an economic development character. However, when such areas are part of a designated Economic Development District, these grants may be

increased by 10 percent of the total cost of the project. In no case, though, may the total grant exceed 80 percent.

For example: If the total cost of a new sewerline or water system to serve an industrial park is $100,000 and the community is eligible for a 50 percent grant--$50,000 this can be increased to $60,000 if the Redevelopment Area is in a district program.

* **Special Help to Development Centers.** These are communities whose economic growth will relieve economic distress for the people of Redevelopment Areas. When not part of a Redevelopment Area, a growth center designated an Economic Development Center becomes eligible for EDA public work grants and loans and business development loans and guarantees (but not the 10 percent bonus for public works) to be used for projects that will directly improve employment opportunities for unemployed and underemployed residents of the district's Redevelopment Areas.

* **Practical Help for Member Governments.** County commissioners and mayors of small towns may not have time to become experts in all aspects of government. To help fill in the gaps, EDA can provide funds to districts to enable them to give technical assistance through their staffs to their member governments.

* **"Clearinghouse" Review Assistance.** Many districts are designated by the Governor to review and comment on applications for government assistance of all kinds in their areas. To help them in this work of preventing duplication of effort and avoiding waste, EDA can provide financial aid to defray part of the costs involved in the review procedure.

To Sum Up

The district program was launched after years of experience with economic development problems at the local, state, and federal levels had shown it to be a logical way to assist local communities to help the poor, the unemployed, the untrained--to give them permanent work, pride, and a useful role in society.

By bringing together in one cooperative unit both lagging and economically healthy counties--plus an urban growth center--the necessary economic strength and growth potential to raise the employment level and income (and thus the tax base) of the entire district can be realized.

Sources of Information

EDA, Southwestern Regional Office - Suite 600, American Bank Tower, 221 West Sixth Street, Austin, TX 78701: serving Arkansas, Louisiana, New Mexico, Oklahoma, and Texas.

EDA, Economic Development Assistance Programs; Availability of Funds, Federal Register, January 19, 1988, pp. 1444 - 1457.

II F. VENTURE CAPITAL EXCHANGE

Purpose

The essential purpose of a Venture Capital Exchange (VCE) is to introduce those in need of equity capital (entrepreneurs) to those who have such capital (investors). The intent is to match their needs so that a partnership can be struck, hopefully creating or preserving jobs.

Types of Venture Capital Organizations

They may be organized as For-Profit or Not-For-Profit Venture Capital Exchanges. In addition to this type of classification, venture capital groups can be set up so that they loan the money themselves to the entrepreneur, or they can be set up solely for the purpose of guaranteeing a loan made by a bank or other source.

Operation

A. "Venture Capital Clubs" have a simple format. Members rub elbows for a short cocktail period (20 minutes or so), after which they randomly sit at luncheon tables. Everyone writes his name, business address, and phone number on a sign-up sheet. During lunch a "Five-Minute Forum" is conducted. This is nothing more than each participant telling in about one minute, who he is, what he is working on, and what he needs. An inventor may describe his latest innovation, an out-of-work executive may announce his availability, and a venture fund representative or investor may present the kind of investments he is seeking.

Most Venture Capital Clubs are comprised of about 30 percent each entrepreneurs, investors, and service providers, and 10 percent job candidates.

Entrepreneurs benefit from contacts. Venture capitalists also benefit from them. The key is to maintain a steady stream of entrepreneurs' presenting specific needs in a well prepared manner.

B. "Venture Capital Exchanges" are more of a service source than a meeting per se. Investors and entrepreneurs would complete a questionnaire or application that profiles their business and investment criteria. All properly completed applications are accepted. There is no prescreening. For each match, the investor is mailed a copy of the entrepreneur's information for review. If there is an interest, the investor notifies the VCE, and then both the investor and the entrepreneur are mailed each other's contact data.

The investors are required to certify that they are accredited investors as defined in Rule 501 of the SEC's Regulation D (Rules Governing the Limited Offer and Sale of Securities under the Securities Act of 1933) or have knowledge and experience in financial and business matters as specified in 506 of Regulation D. Most VCE's charge for this service.

C. "Loan Guarantee-Venture Capital Exchange" is a variation of either of the two above. This form of VCE is used as a lender of last resort for exceptionally promising, but risky ventures. This type of fund usually guarantees loans between $50,000 and $250,000 (could be any amount). By comparison, SBA guarantees go up to $500,000.

When it backs a loan, SBA charges a one-time 2 percent fee on the principal. The Golden Circle Fund of Des Moines, Iowa, is an example of a Loan Guarantee Venture Capital Fund that charges an annual 2 percent "success fee" for the term of the loan. That fee is intended to defray the cost of administering the program and to replenish the fund. In addition, the fund charges an annual "participation fee" of between 3 percent and 4 percent. The stiff charge is intended to get the borrower to release the guarantee or restructure the debt when he is able so that the money can be used to guarantee another loan and get another business going. The loan review committee is comprised of 11 members. Only three are bankers; the remainder are corporate contributors, accountants, and entrepreneurs.

II G. SMALL BUSINESS INSTITUTE (SBI)

Definition

The Small Business Institute (SBI) program is an intensive management counseling program sponsored by the U.S. Small Business Administration that utilizes teams of qualified college students to aid small business under the direction of the business faculty.

Purpose

The purpose of the SBI program is to utilize the managerial expertise in existence at colleges of business and to transfer that knowledge to small business people in need of managerial assistance. The schools participating in the SBI program provide counseling to over 7,500 businesses each year.

Nationally SBI participants have counseled more than 100,000 individual businesses, provided 250,000 students a "real world" experience in applying their skills, and involved over 5,000 professors in the economic development of their communities since the program was established in 1972.

Program Objectives

The emphasis applied by SBA to collegiate schools of business under contract in the SBI program is on practical, realistic, and affordable solutions--not academic elegance. Generally, objectives of the counseling program are at least fourfold:

1. Small businesses are aided in the solution of their managerial problems.
2. Students and facility receive practical business environment experience, which supplements their largely theoretical knowledge.
3. The college involved in the program gains valuable publicity for a gratuitously rendered public service.
4. An accumulation of research in the dynamics of small business enterprise is not only useful to the SBI participants but also serves to strengthen the individual businesses and the local economy.

Program Organization

An accredited four-year college or university with a school of business may contact the U.S. Small Business Administration about participating as an SBI school. As of January 1987, over 500 SBIs were under contract in every state, the District of Columbia, Guam, Puerto Rico, and the

Virgin Islands. In the 72 counties of North Central and East Texas which comprise SBA District VI, ten collegiate schools of business were participating in the SBI program as of January 1988.

Program Operation

Student counselors comprised of college seniors and graduate students majoring in business disciplines work with selected small businesses for a period of one or two semesters to identify and help the small business owner solve management problems. Traditionally, most of the SBI cases are generated by the SBA, based on the needs of SBA loan recipients (many of whom are in trouble).

SBI counseling studies focus on a full range of management problems and solutions which include accounting and finance issues, marketing studies and advertising programs, personnel administration, operations, expansion feasibility and strategy, production design, product line diversification, and many other areas. A detailed case report is written by the counseling team and given to the client.

Each year national awards are given to those students who best achieve a practical, realistic, and affordable problem solution. The SBA will pay the SBI participant up to $400 for a case report it deems is exceptional.

SBI teams occasionally engage in community development projects often involving other SBA Office of Business Development resources such as SBDCs. SCORE volunteers frequently act as advisors to SBI teams and offer free follow-up counseling to the clients.

II H. TEXAS MAIN STREET

The Texas Main Street Project is in its eighth year of operation. There are 37 cities in Texas operating as designated Texas Main Street Project Cities.

Every year, five new cities are designated by the Texas Historical Commission to become an official Texas Main Street City. Some of these are self-initiated cities before they are selected, but this is not mandatory for being considered for official status.

The Texas Main Street Center provides self-initiated cities with limited assistance in the form of periodic Main Street staff visits, merchandising and display assistance, participation in Main Street training sessions, and help in finding professionals to provide required design, marketing, parking, and other assistance. The center provides the official cities with professional assistance and supervision in design, restoration, marketing, parking, and other areas where the community does not have local expertise as well as providing training for the Main Street project managers in each Main Street City.

The overall goal of the Main Street program is to develop and maintain a healthy, vital downtown. The motto could be, "Economic vitalization through historic preservation." This vitalization of business districts and business firms in those districts builds on the idea that the total image of an area must be improved for it to be successful. This perspective contains four major elements: (1) Organization which involves getting separate groups to work together effectively; (2) Promotion which means advertising and promoting the core business district as an exciting place to shop, meet, and visit; (3) Design which involves enhancing the visual quality of downtown through rehabing buildings, sinage, window displays, landscaping, etc.; (4) Economic Restructuring which means diversifying and revitalizing the core business district.

Anice Read is the Texas Main Street project director who coordinates the center's activities. The center, located near the capitol in downtown Austin, is housed in a restored church building at 1511 Colorado. The mailing address is:

Texas Main Street Project
Texas Historical Commission
P.O. Box 12276
Austin, TX 78711
Telephone: (512) 463-6092

In addition to Anice Read on the Main Street Center staff are Richard H. Ryan, Main Street architect; Kay Harvey Mosley, marketing and design specialist; Jim Steely, community programs coordinator; Ray Vela, building design consultant; and Janie Hedrick, administrative assistant.

An annual two-week workshop is held in Austin for the purpose of discussing new techniques, exchanging ideas, and sharing experiences. The attendants are a mixture of Main Street Managers, local elected officials, city employees, and community leaders who are business people and city residents.

Before being designated a Texas Main Street City, city government officials, city employees, and city leaders must show they are fully behind the program. One show of support is that they must make a funding commitment for a three-year period which will run about $35,000 a year. Many cities do this by becoming a self-initiated city as discussed previously.

The state takes an active role in the Main Street Project. Newsletters are sent from the state to form a very effective networking system with the managers throughout Texas. Networking is critical to the success of every project. Indeed one of the great pluses for becoming an official city is the doors that are opened with every state agency. A call from a Main Street manager is almost always answered. Literature that is often unavailable to small cities because of cost is provided through the Main Street Center in Austin. The exchange of ideas among the managers is important in that one manager may have been through the process and can help or take a more objective view.

The Texas Main Street program is designed for cities of less than 50,000 population. The smallest city to be in the program has about 2,000 population. Metropolitan cities, which include cities of 50,000 population and over, have been included on an experimental basis for Main Street Project activities. A fee is charged for these activities. The Main Street program is considered one of the state's most successful development programs (Texas is one of the top two states nationally).

An outline for a revitalization program to be instituted by the Main Street director appears in Appendix T.

II I. COMMUNITY COLLEGE BASED EDUCATION AND TRAINING PROGRAMS

The most valuable resource of any organization is its people. Thus, in terms of economic development, a flexible human resource education and training program is essential. Community college based education and training programs have become vital parts of economic development efforts in selected locations throughout the United States.

These community college training programs have worked successfully with numerous client groups including (1) business and industry, (2) community groups (i.e., Chambers of Commerce, Main Street programs, and tourism bureaus), (3) government agencies, and (4) union groups. The comprehensive community college often possesses the necessary resources to meet the unique needs of this diverse client base. Some of the primary services that are offered in support of economic development include:

- On-site training through custom-designed programs.
- On-site training through college-credit classes and programs.
- Specialized short-term training programs at various instructional sites in industrial and high-tech occupations.
- Seminars on relevant and current topics on both a regularly scheduled and "as-needed" basis.

- Workshops that address specific skill-training competencies.
- Microcomputer training in the latest software packages taught on site or at college facilities.
- Seminars for management training and professional development.
- Classes for adult basic skills and literacy training as well as "English as a Second Language."
- Specialized programs for dislocated workers.
- Seminars and college credit classes for entrepreneurial training.
- Seminars to inform and educate business and industry on international trade.

In order for these programs to be successful, it is imperative that the college's board and top administrators view community college-based economic development training programs as a priority mission of the institution. Without the formation of partnerships between colleges and their economic development clients, the integration of education and work will not lead to the economic prosperity that is so greatly needed. In the years to come, business and industry will increasingly look to the education and training specialists found on the nation's community college campuses to assist them in meeting the future challenges brought about by rapid technological changes and by intense foreign competition. To be a successful component of a comprehensive economic development effort, the community colleges of America must remain at the forefront in terms of training programs and their delivery systems.

II J. INDUSTRIAL FOUNDATIONS

Industrial financing groups organized and operating at the local community level are not recent innovations. Often referred to as "industrial development foundation," "industrial foundation," "industrial corporation," and "industrial fund," as well as other titles, these community-sponsored development organizations have had rapid growth in the United States since 1945.

An Industrial Foundation may be defined as an organization of private citizens, operating with private and/or public funds and organized for the primary purpose of improving the economy of the community by providing financial assistance and/or various services to existing or prospective industrial firms. It is important to note that an industrial foundation cannot issue Industrial Revenue Bonds (IRBs). In order to issue Industrial

Revenue Bonds, an Industrial Development Corporation must be formed pursuant to the Texas Development Corporation Act of 1979 (see Appendix W). The formation and the activities of a Development Corporation will be explained in the next section.

Basically, an Industrial Foundation is a method of organizing community resources for industrial development. The foremost objective of an Industrial Foundation is to create jobs. The Foundation's main function is to make available long-term and/or marginal loans to qualifying businesses in situations where credit is not normally available. Depending on its charter and funds, an Industrial Foundation may provide the following additional services to prospective and existing industries:

1. develop industrial sites;

2. construct plants for lease or sale;

3. establish working relations with financial institutions;

4. borrow funds to meet financial needs of the foundation;

5. furnish managerial and counseling services;

6. cooperate in the training or retraining of workers;

7. provide utilities, roads, and services;

8. maintain buildings owned by the foundation; and

9. develop additional housing, nursing homes, clinics, community centers, or other needed community facilities and services.

Generally, Industrial Foundations in Texas are an extension of the local Chamber of Commerce, whose office normally serves as the local address of the foundation. The Industrial Foundation is usually staffed and operated with personnel who are also members of the Chamber of Commerce. Even though this is often the case, the foundation must have a distinct identity and a high degree of autonomy. Cooperation with the chamber is absolutely necessary, but it must be clearly understood that the Industrial Foundation is not and should not be subservient to the chamber. Occasionally, the interest of some of the chamber members and the interest of the foundation are sufficiently divergent to cause friction, especially when an industrial member of the chamber opposes the establishment of another industry because the new industry will compete with established industries for the available labor supply.

The overwhelming majority of Industrial Foundations chartered in Texas are nonprofit corporations with wide-based community membership. Some foundations, usually in large cities, are profit-seeking corporations. The difference between the nonprofit and profit foundations is not great since both encourage the development of industry for the general benefit of the community rather than to enable the foundation to be profitable in and of itself.

There are advantages and disadvantages to both types of foundations. The profit approach encourages a sound business basis and facilitates the raising of funds for the foundation, particularly since its stock can be treated by corporations as a capital asset. On the other hand, the profit foundation is not eligible to participate in state industrial financial programs, and the net earnings of the foundation are taxable. Further, the potential conflict between the profit motive and the need for industry may reduce the willingness of the foundation to provide the services for which it was originally created.

The nonprofit foundation allows greater concentration on the development of industry and encourages the application of earnings to advance the foundation's industrial development activities. The nonprofit foundation should endeavor to break even over the long run and, if possible, earn income to finance its activities and services.

Since nonprofit foundations have no capital stock and are organized for the exclusive purpose of promoting the public interest of any county, city, town, or other area within the state, they are exempt from State Franchise Tax. To receive this exemption, a foundation must submit its Articles of Incorporation, Charter, Bylaws and a statement on the intent of the Board of Directors to carry out the foundation's purposes, to the State Comptroller of Public Accounts at the following address:

Mr. Harry F. Rogers
Exempt Organizations
Comptroller of Public Accounts
State of Texas
Austin, TX 78774

Another advantage of the nonprofit foundation is its ability to attract funds which can usually be deducted by the contributor. In order for the foundation to qualify as a recipient of tax deductible contributions, the following must be submitted to the Internal Revenue Service:

1. IRS Form 1024 in duplicate,
2. Letter of Intent (similar to that sent to the Comptroller) referring to Section 501 (c) 6,
3. Articles of Incorporation,

4. Charter, and

5. Bylaws.

The organizational committee is essential to the orderly development of an industrial foundation. At least 25 persons should be selected to represent all community interests and to help convince the community to endorse the program. They should be people who are willing and able to give freely of their time and efforts for community betterment. These individuals may be the original incorporators.

At the first or the second meeting, by majority agreement, the steering committee should elect a person to act as chairperson and another to act as secretary-treasurer. The minutes of the meeting should be recorded for future reference.

Subcommittee leaders may be elected by the organization committee or appointed by the chairperson with members selected by the leader. The following three subcommittees are essential to an Industrial Foundation;

1. Legal Subcommittee. This subcommittee will draft the Articles of Incorporation and Bylaws, check into the legal requirements for forming Industrial Foundations, and submit the Charter to the Secretary of State. After the Charter and Bylaws have been approved by the Organizational Committee, the Legal Subcommittee will ensure that proper copies are filed with government agencies. The Legal Subcommittee should also advise the Organizational Committee on the methods of issuing stock or membership certificates.

2. Finance Subcommittee. The major duties of the Finance Subcommittee are as follows:

    a. advise the Organizational Committee on the capitalization of the foundation;

    b. recommend the par value of shares, membership certificates, or stock;

    c. formulate plans for conducting a sales campaign for shares or membership certificates;

    d. establish the guidelines and controls for the disbursing of funds.

    There are various methods by which foundations secure capital funds: (a) cash subscriptions, (b) pledges, (c) pled ges and partial cash subscription, (d) payment plan spread over months or years, and (e) local tax revenues from the city and/or county. It is wise to establish a policy that will determine how money will be handled when it is collected. Many contributors do not want their money to lie idle, and many financial institutions that have made donations do not want to pay interest on their own money. The policy needs to be stated in advance of raising capital.

3. Publicity Subcommittee. The role of the Publicity Subcommittee is to keep members informed of meeting dates, inform the local citizens of the purposes and the progress of the foundation's program, and create and reinforce favorable attitudes for industrial financing.

   The first task of the Publicity Subcommittee is to advise the community of the foundation's program, purposes, and developments. Tools used in this task may include newspaper articles, public meetings, and speakers from the various subcommittees addressing service and civic groups. As soon as plans for the fund-raising drive have been completed, the Publicity Subcommittee should report all details to the town's citizens. By the time the fund raising begins, every person in town should be familiar with the project. After the fund raising, the Publicity Subcommittee should continue to disseminate information about the progress of the development program.

Whereas the above three subcommittees are essential to the establishment of an Industrial Foundation, the following subcommittees are very important and, to a large extent, will determine the success or failure of the foundation to accomplish its goals:

1. Industrial Sites Subcommittee. Since the acquisition of industrial property is the primary objective of most industrial foundations, a subcommittee should be established:

   a. to appraise and negotiate for land suitable for industry, including obtaining options and purchasing property;

   b. to check zoning regulations or the lack of such regulations that might be detrimental to proper development of any selected site; and

   c. to advise the Legal Subcommittee and the Finance Subcommittee about site costs, availability, utilities, etc.

The most immediate benefit that may be accrued from this subcommittee's work is an inventory of industrial sites. Such an inventory will not only be useful in helping to attract industry but will also be a practical tool for planning future site developments.

2. **Buildings Subcommittee.** Closely allied with and many times a part of the Industrial Sites Subcommittee, the Buildings Subcommittee

    a. inventories available industrial buildings in the city or local area;

    b. gathers estimates of building costs and checks zoning regulations;

    c. advises the Legal Subcommittee and Finance Subcommittee about building costs, availability, utilities, etc.

The information about land and buildings developed by the Industrial Sites Subcommittee and the Buildings Subcommittee should be circulated to the industrial departments of utilities, railroads, banks, and other agencies and firms which may be of assistance in fostering industrial development.

It is highly recommended that the inventory of available buildings be kept current, maintained in a single accessible location, and indexed according to square footage since this is what the industrial prospect generally requests first. The complete specifications of the building plus the capacities of the utilities serving the building should be attached to the form. Since transportation access is usually a primary consideration of the prospect, the exact location and the proximity to interstate highways and major highways should also be registered. It would be beneficial to maintain good clear color photographs of the buildings in the file. (See discussion of Commercial and Industrial Real Estate Referral System at IV D 5.)

3. **Industrial Sales Team.** Some Industrial Foundations in Texas have become the complete industrial development agency for their respective communities. They assume the responsibility for collecting and presenting data, publishing brochures, and contracting prospective industries. These functions, when taken over by a foundation, normally come under a permanent committee or team which is designated to operate for several years.

    Since the Industrial Sales Team is usually the first contact an industrial prospect has with a given community, it is highly recommended that the members of this important subcommittee be selected with great care and that they be thoroughly educated and trained for their roles and responsibilities.

    The Industrial Sales Team should always proceed with caution. Since the foundation's members have the responsibility of selling their community, they often become zealous in their efforts. If they also have the authority to approve loan applications, they may become too eager to locate any industry; and they may accept a risky loan from an unsound enterprise in order to carry out their selling obligations.

It is recommended that competent legal advice be obtained when organizing a foundation. A community should check with the State Securities Board in Austin concerning stock and/or membership subscription to determine if the foundation is operating within the security laws of Texas.

Steps a community needs to take in filing for an Industrial Foundation are as follows:

1. Recruit 25 members from which officers of the foundation may be selected.

2. Adopt Articles of Incorporation and Bylaws (see Appendix P).

3. Send duplicate copies of the above with original signatures and a check or money order to

The Secretary of State
Corporation Division
Capitol Station
Austin, TX 78711.

II K. INDUSTRIAL DEVELOPMENT AUTHORITIES AND INDUSTRIAL REVENUE BONDS

Established by a local governmental entity, Industrial Development Authorities, often referred to as Industrial Development Corporations, are very similar to Industrial Development Foundations, both in structure and in function, with the chief difference being that the Development Authority is empowered to issue tax-free Industrial Development Bonds (IDB). In 1979 the State Legislature of Texas passed the Development Corporation Act which authorized the use of Industrial Revenue Bonds financing for industrial and commercial development. A copy of the act is included in Appendix W.

Industrial development revenue bonds are a unique and mutually beneficial method of government and private sector cooperation in the financing of industry and commercial operations. Under the terms of the act, a local governmental entity creates the Development Corporation, which then is authorized to issue revenue bonds. An industrial or commercial developer makes application to the Development Corporation for financial participation in the form of the issuance of revenue bonds. Neither the Development Corporation nor the governmental body creating the corporation incurs any liability on the bonds since they are to be paid solely from the revenues of the project developed. The bonds are then sold to financial institutions or other parties, and interest payable by the developer on the bond is tax-free. The tax-free status of the bond allows a much lower rate of interest than normally would be paid. Most of the costs involved in the acquisition, construction, expansion, or improvement of a project are recoverable in the bond issue, provided that the costs were incurred after the initial inducement resolution was adopted and approved by the development corporation. In order for IDBs to be used to finance a commercial project, the area in which the project is located must be designated as a blighted or economically depressed area under the provisions of the Act.

The general procedure used in the issuance and negotiation of industrial revenue development bonds ordinarily takes a minimum of eight weeks. However, the expenses incurred in a project prior to the closing, but after the passage of the initial inducement resolution, are recaptured in the bond proceeds and financed over the life of the bond issue.

The process involved in the issuance of IDBs includes a series of meetings and hearings with the local Development Corporation and governmental units. A purchaser for the bonds must be located and the terms of the bond issue negotiated. A preliminary application must be filed with the Texas Economic Development Commission, and that body must give tentative approval. The transaction is then closed with all cross-conveyances and assignments executed and the bonds issued.

The Deficit Reduction Act of 1984 and currently pending federal legislation have had a strong impact on industrial revenue bond financing. Coupled with its predecessors (the Tax Equity and Fiscal Responsibility Act of 1982 and the Economic Recovery Tax Act of 1981), industrial development revenue bond financing has become more restrictive and much more complicated.

The restrictions imposed by this legislation touch all phases of industrial development bonds issued after June 19, 1984. The legislation limits the maximum face amount of private activity bonds that a state and related governmental agencies may issue. The limit was set at the greater of $150 per capita or $200,000,000. The $150 per capita limit was reduced to $100 per capita after 1986 following the scheduled expiration of the small issue exception. The per capita figures were based on the most recent census figures. Texas had an estimated $2,300,000,000 allocation in 1985.

The legislation includes a limit on the amount of bonds that can be issued to any person who is a private owner, principal user, or related party. The cap ($40,000,000) applies to any outstanding bonds regardless of the location of the project.

Prohibited by the legislation is the tax-exempt status of bonds guaranteed by the federal government or any related agency. Exceptions to this restriction are guarantees by the Federal Housing Administration, the Veteran's Administration, Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, or the Government National Mortgage Association. Other federal guarantees not falling into this restriction include guarantees of student loans and certain guarantees by the Small Business Administration for pollution control facilities.

The new law imposed additional arbitrage limitations on IDBs issued after December 31, 1984. The amount of yield earned on invested bond funds, after the temporary initial period, could not be higher than the yield of the bonds. Another exception included temporary investments related to the debt service and if the funds of the issue are expended for the governmental purposes within six months from the date of the issue.

Added to the tax laws governing IDBs is a restriction governing the amount of the proceeds of an issue that can be used for the acquisition of land. Previous law had not imposed restrictions on the purchase of land, but the current enacted legislation provides a 25 percent restriction of the face amount of the issue. Also restricted is the acquisition of existing facilities. Existing buildings can only be acquired with the proceeds of the bond issue if within a two-year period 15 percent of the amount financed with the bond issue is applied to rehabilitation of the facility. For facilities other than buildings, 100 percent must be used for rehabilitation.

Strictly prohibited in the legislation is the use of the proceeds of a bond issue for airplanes, skyboxes or other similar luxury boxes, gambling establishments, health club facilities, and liquor stores. These restrictions are added to the previously excluded facilities where 25 percent or more of the issue would be expended for restaurants, automobile sales or service, or provision of recreation or entertainment. In addition, industrial revenue bond financing cannot be used if any portion of the proceeds of the issue are used for a private or commercial golf course, country club, massage parlor, tennis club, skating facility (including roller skating), racquet sports, hot tub, suntan facility, or racetrack.

Enclosed shopping malls, a strip of offices, stores, or warehouses using substantial common facilities must be treated as a single project and one issue. This eliminates the past use of IDB financing for condo projects and separate stores in a shopping mall in order to fall within the limits of the $10,000,000 small issue exemption.

The definition of a "related person" was expanded to include each partner of a partnership regardless of percent of ownership, all shareholders of an S corporation, and the spouses and children of these partners or shareholders. These definitions are expressly for the purpose of determining the substantial user of a facility or a related party and do not apply for capital expenditure or other purposes.

The small issue exemption for IDBs was scheduled to expire December 31, 1986, but was extended through December 31, 1988 for bonds issued to finance manufacturing facilities. The small issue exemption for nonmanufacturing projects financed with IDBs did expire on December 31, 1986.

II L. SMALL BUSINESS ADMINISTRATION LOAN PROGRAMS

The U.S. Small Business Administration is a federal agency created by the Small Business Act in 1953 to assist, counsel and champion America's small businesses which are the backbone of this country's competitive free-enterprise economy. The mission of SBA is, simply stated, to assist people to get into and stay in business. To do this, SBA performs many functions including offering financial assistance to eligible small business concerns. The purpose of SBA's financial assistance is to stimulate local private investment and create new or save existing jobs.

Most of SBA's business loans are made by private lenders and then guaranteed by SBA. Guaranteed loan terms include a maximum of $500,000 and SBA guarantees up to 90 percent. For-profit small businesses that meet certain size limitations by industry and whose owners meet personal net worth limitations are eligible for SBA loan guarantees. The small business is usually unable to obtain conventional financing without government assistance. The small business must be willing to contribute some equity depending on the type of project and the financial soundness of the entity.

SBA 7(a) Loan Guarantee Program

The 7(a) program guarantees commercial lending institutions up to 90 percent for small business loans under $155,000 and up to 85 percent for loans over this amount up to the $500,000 maximum. Loan proceeds may be used to finance working capital (acquisition of inventory, receivable financing, and reduction of trade debt), fixed asset acquisition (including equipment, land, and buildings), and leasehold improvements. The 7(a) program has unique advantages in that it allows real estate loans (up to 25 years), working capital loans (up to 7 years), and either a fixed or variable interest rate of no more than 2.75 percent over the prime rate. Collateral may include mortgages on commercial land or buildings, equipment, inventory, assignment of receivables, and also the owner's personal assets.

SBA 504 Loan Program

This program, which is a fixed asset financing program offering small businesses below market rate fixed interest loans, is a dual program involving the SBA and a private lending source. Generally, projects estimated to cost between $200,000 and $1.7 million are suitable for the SBA 504 program. Forty percent of the total project cost can be financed (second mortgage loan) through SBA assistance, the maximum participation being $500,000. A private financing source, usually a commercial bank or a seller, provides 50 percent of the cost using its normal credit terms and receives a first mortgage on the assets. The business must provide a minimum 10 percent equity contribution. The interest rate charged on the private loan is set by the private lender and may be either fixed or variable. The term of the private lender's loan is subject to a ten-year minimum. The SBA's portion is subordinated to the private lender and offered at a fixed interest rate tied to a U.S. Treasury bond rate. The SBA's loan term is tied to the life of the asset which is between 10-20 years.

The SBA's size criteria for a small business is broad and generally fits the agency definition of a small business. The 504 program is limited to business owner-users. Start-ups will be considered, but existing businesses are desirable.

Loan proceeds can be used for land and building acquisition and rehabilitation, leasehold improvement, and acquisition of machinery and equipment. Working capital loans are not available under this program.

In the general area of financial assistance, SBA offers a variety of special programs:

1. Small general contractor loans
2. Seasonal line of credit guarantees
3. Energy loans
4. Handicapped assistance loans
5. Disaster assistance - physical disaster and economic injury disaster loans
6. Pollution control financing
7. Surety bonding for small contractors

II M. OTHER LOAN PROGRAMS

1. The Texas Department of Commerce Finance Division offers a wide variety of financial assistance to businesses and communities. Emphasis is placed on creation and retention of permanent jobs. Financing is generally for long-term, fixed assets although working capital loans can be facilitated under some programs. Grants are also available, on a limited basis, for the development of products or services and public facilities.

The Texas Department of Commerce (TDoC) maintains a staff of finance professionals who structure creative financing packages for small businesses, using public and private funds. Other private for-profit and nonprofit businesses and organizations offer similar services.

Of particular importance to local economic development activities has been the concept of revolving loan funds (RLFs). This increasingly popular business financing concept provides a tool that can fill gaps in the local financial markets--gaps that inhibit economic development activities considered important to the stability of local communities. To achieve this goal, the RLFs provide short- and long-term, low-interest loans for rehabilitation and construction of industrial property; loans for the purchase of industrial property, machinery, and equipment; and in certain cases, operating capital loans. An example of a RLF is the Rural Industrial Loan Fund which is available for manufacturing and industrial projects located in rural areas of Texas. Funds may be used for fixed asset financing only, and the TDoC participation is limited to 40 percent of the total project cost (see also Appendix I).

A number of funding sources can capitalize a RLF. One of the most popular is the Community Development Block Grant Program (CDBG) administered by the TDoC. Another funding source for urban areas is the Urban Development Action Grant Program (UDAG). The CDBG program includes the Planning Capacity Building Fund, the Texas Capital Fund (discussed in Section II N). Interim Financing Fund, Community Development Fund, Special Impact Fund, Emergency Need Fund, and the Texas Rental Rehab Program. Other loan programs available through TDoC assistance include the Texas Small Business Industrial Development Corporation's TEXCAP program, Industrial Revenue Bond Program, allocation of the state's Volume Cap for Private Activity Bonds, and export financial assistance for export businesses to finance costs incurred in connection with the international export or pre-export of Texas products (see also Appendix J).

2. Another important source of funding economic development activities is available through the Business and Industrial Loan Program of the Farmers Home Administration (FmHA). Upgrading of the rural economic environment to improve the quality of rural life is the aim of the FmHA. A primary purpose of the BTI Loan Program is to create and/or retain employment and improve the economic and environmental climate in communities with populations of 50,000 or less. FmHA assistance is provided in the form of a loan guarantee, whereby FmHA contracts to reimburse the local lender for a maximum of 90 percent of principal and interest. Applications go through private lenders who play a key role in the program by making and servicing the approved loans (see Appendix L).

II N. TEXAS CAPITAL FUND APPLICATIONS

The State of Texas, through the Texas Department of Commerce, offers financial assistance to businesses and communities in the state. Financing is generally for long-term fixed assets although working capital can be facilitated under some programs. Emphasis is placed on permanent jobs being created or retained. One such financial incentive program is the Texas Capital Fund (TCF), which provides resources to make public infrastructure improvements in support of an economic development project and funds for businesses or nonprofit organizations to acquire real property, construct or rehabilitate commercial or industrial buildings, purchase machinery and equipment, and obtain working capital.

The TCF funds are set aside under the Federal Government's Community Development Block Grant Program administered by the U.S. Department of Housing and Urban Development (HUD). TCF provides funding for projects which will result in either an increase in new, permanent jobs or retention of existing permanent jobs primarily held by low- and moderate-income persons.

Eligible applicants must be either an incorporated municipality or county government. The applicant, if a city, must be less than 50,000 in population and cannot be designated as eligible to receive Community Development (entitlement) funding from HUD. The population restrictions do not apply to a county applicant; however, the county is not eligible if it receives entitlement funding from HUD.

Grants are awarded to cities and counties through a bimonthly, competitive statewide review process. Successful applicants may use TCF funds for loans to businesses or for public infrastructure improvements in support of private ventures. The applicant is ultimately responsible for the administration of the project after the award has been approved. In addition to eligible activities, TCF specifically states where TCF funds may not be used and provides for other restrictions.

The minimum and maximum grant amounts to any project funded under the TCF program are $50,000 and $500,000, respectively. TCF provides up to 40 percent of the capital for a project with a requirement that at least 10 percent of the total project cost be injected by the principal in either cash or real estate. Fifty percent of the total project cost may be borrowed from a private lender. An applicant may submit only one application for each bimonthly competition and receive only one TCF award during the program year. Scoring and recommended ranking of the applications are done by the Texas Department of Commerce Finance Division staff with assistance from the Texas Capital Advisory Committee, composed of private sector representatives selected by the TDC executive director.

The scoring criteria and funding cycles for applications may change somewhat each program year, so it is necessary to contact the Texas Department of Commerce for information regarding the program.

The document which provides the rules, procedures and application forms for the TCF program may be requested from the following source (see also Appendix E):

Mr. Aubrey Johnson
Supervisor for Economic Development
Texas Department of Commerce
P.O. Box 12728
Capitol Station
Austin, TX 78711

Mr. Johnston's street address is 410 East Fifth Street, Austin, Texas, and his telephone number is (512) 320-0110.

II O. SCORE/ACE

Definition

SCORE, an acronym for Service Corps of Retired Executives, is an independent voluntary nonprofit association chartered under the laws of the District of Columbia and governed by a board of directors acting under duly adopted bylaws. SCORE is not a constituent of any governmental agency. However, it is sponsored by and receives financial support from the U.S. Small Business Administration by statute pursuant to an amendment of the Small Business Act in October 1978, 15 U.S.C. 637 (b).

In August 1969 the Small Business Administration found that many business executives not yet retired from active employment were willing to volunteer needed services. Thus, another nonprofit association was established as the Active Corps of Executives, known by its ACE acronym. The two programs were organized separately, but their functions were closed coordinated through the years. ACE finally merged with SCORE in May 1982. ACE members are now SCORE chapter members and are subject to the same code of ethics, rules, and procedures.

Purpose of SCORE

The primary purpose of SCORE is to render a community service by providing, free of charge, the expert assistance of its volunteer counselors in solving the problems encountered by small businesses. Volunteer counselors are selected who are qualified to furnish specialized management counseling and training based upon their extensive and varied business and professional experience. SCORE/ACE counselors receive no pay for their services, but they are reimbursed for travel expenses.

Many SCORE chapters are headquartered in Small Business Administration field offices. Others are located in local Chambers of Commerce facilities as well as in federal buildings, colleges, financial institutions, and even in members' homes.

The Many Benefits of SCORE

SCORE chapters exist solely for the benefit of the U.S. small business community. For anyone who is considering starting a small business or is in business, SCORE offers many services that might well be of critical importance to the small business owner's success. Specifically, SCORE services include one-to-one counseling directed toward solving a particular problem or toward planning for future growth; training focused in prebusiness start-up workshops and other specialized seminars and conferences concerning valuable topics to certain segments of the business community; providing information on how to obtain and utilize professional services, resources of government agencies, and printed material to assist business owners in keeping abreast of the rapidly changing business environment; and cooperating with other local organizations and institutions to enhance the quality of life for the entire community.

The extent and quality of assistance provided by SCORE chapters is making an outstanding contribution to the improvement of small business management in this country and is being accomplished with a modest investment of the taxpayers' resources.

II P. INTERNATIONAL TRADE

International trade is rapidly catching attention in the small- to medium-sized business market.

A United States Department of Commerce study shows that about 85 percent of all U.S. exports originate from only 250 companies and that less than 10 percent of all domestic companies that could sell overseas do sell overseas.

Legislation was enacted in the 1984 Foreign Sales Corporation (FSC) to help increase American export activity. A Shared Foreign Sales Corporation is one method for small- to mid-sized companies to boost exports while saving U.S. tax dollars.

Foreign Trade Zones are defined as an isolated, enclosed, and policed area; operated as a public utility, in or adjacent to a port of entry; furnished with facilities for lading, unlading, handling, storing, manipulating, manufacturing, and exhibiting goods and for reshipping them by land, water, or air.

A subzone is a special type of zone facility approved for the use of a single company. Such private zones which are usually industrial plants are approved only when a public benefit can be clearly demonstrated. The firm in a subzone is required to show what positive economic results its operation under zone procedures will generate.

The Texas International Trade Directory, published by Otis Business Research International, Inc., P.O. Box 50007, Dallas, TX 75250, gives a thorough list of exporters and importers, information regarding financing, pricing, sales contracts, and other information which is beneficial to anyone interested in international trade.

Technology has made trade opportunities abundant in the world. Finding out what to do and how to do it in international trade are not easy tasks, but clearly the income from selling internationally could make a difference in the Texas economy.

The Texas Department of Commerce has an International Trade Office at 816 Congress, Suite 1200, P.O. Box 12728, Austin, TX 78711. Sandy Harris is the office manager, and her telephone number is (512) 320-9659.

II Q. JOB TRAINING PARTNERSHIP ACT (JTPA)

Definition

The federal Job Training Partnership Act (JTPA) was passed in 1982 to provide remedial job training for an "at risk" target population. Most of the people eligible for JTPA come from one of the following groups:

1. The economically underprivileged, coming from a home at or below the official poverty level;
2. Those who receive welfare payments or food stamps;
3. Foster children receiving government financial support;
4. Handicapped adults;
5. Persons who have special "barriers" to employment such as those with limited knowledge of English, displaced homemakers, school dropouts, teenaged parents, older workers, veterans, alcohol or substance abusers;
6. Dislocated workers (people whose jobs have been terminated and when find themselves in need of retraining in order to get a new job).

JTPA provides the following services to participants:

1. Job Search and Counseling - helping trained employees find jobs suited to their skills;
2. Remedial Education - classroom tutoring to help persons improve their basic skills such as reading, writing, etc.;

3. Classroom Training - teaching JTPA participants about specific skills for positions available;
4. On-the-Job Training - job training that takes place directly at the employer's place of business;
5. Literacy and Bilingual Training - education for those who need to improve their ability to read and write English;
6. Customized Training - generally, on-the-job training designed for a particular type of job;
7. Work Experience - youth programs where JTPA participants are "shown the ropes" at an actual place of business; and
8. Summer Youth Program - a special program designed to employ economically disadvantaged young people between the ages of 14 and 21 on a temporary basis through the summer months.

Purpose

The primary purpose of JTPA is to bring together private business and government to provide a variety of special training programs. JTPA is designed to allow local input, local control, and local administration within very broad federal guidelines. JTPA provides businesses that participate with funds to offset a portion of the cost of both training and employee salaries. Money is available to cover up to 50 percent of the costs of providing on-the-job training and, when necessary, to cover classroom training time.

Another purpose of JTPA is to reduce the number of persons receiving welfare assistance by providing them a job and consequently reducing the taxpayer cost of federal subsidies while increasing the tax rolls.

Program Objectives

1. Prepare eligible participants for jobs,
2. Upgrade participants' education and job skills,
3. Place participants in unsubsidized employment, and
4. Induce businesses to participate.

Program Organization

Title IV of JTPA authorizes special national job training activities, administered from Washington, to serve Native Americans, migrant and seasonal farm workers, dislocated workers, veterans, and other special target populations. In addition, there are a number of federal activities including the nation's Job Corps Centers; research, demonstration, and evaluation activities; labor market information services; the National Commission on Employment Policy; and training and technical assistance activities.

Title II and III are the basic state services. These programs receive the majority of the JTPA funds and are administered by the Office of the Governor (Department of Commerce, Workforce Development Division) through the appointed State Job Training Coordinating Council.

The state of Texas has 34 local service providers or service delivery areas (SDAs). SDAs can be any unit of government, or combinations of units of government, with a population base of over 200,000. The guiding rationale for the formation of the SDAs was the existing 24 regional planning areas established years earlier by the Texas Legislature to plan and coordinate governmental activity in each region. Some planning areas with the required population base have more than one SDA.

Program Operation

Each SDA has a Private Industry Council (PIC) appointed by the chief elected officials. The JTPA program places a great deal of autonomy on local elected officials and PICs. The legislation primarily calls for agreement by local elected officials and the PIC members on the service delivery mechanism to be utilized. Typically, the local government, regional council (council of government), or the PIC itself, is designated to receive and dispense funds and administer services under the JTPA in the SDA.

Linkage to Economic Development

JTPA funds primarily contribute to economic development through providing the employers with a well-trained, adaptable work force. JTPA also provides the majority of the funding support for many of the procurement outreach centers in Texas, thus contributing directly to job creation and retention.

II R. INDUSTRIAL RESPONSE RECRUITMENT TEAM

Among the most exciting news which a community can receive in today's economy is that they are being considered by an industrial employer as a potential site for relocation or expansion. In far too many instances, this news comes to community leaders ill prepared to deliver hard factual data to the industrial prospect. Rather, they are forced into a role which is essentially that of a "cheerleader," promoting only the quality of life available in the area.

While quality of life is indeed a consideration in many expansion/relocation decisions, rarely is it the dominant factor. The decision is more likely to be influenced by:

* site availability and suitability,

* presence of qualified workers at reasonable wage rates,

* legal environment,

* financial incentives (i.e., tax abatements and industrial start-up funding),

* transportation,

* educational programs and facilities,

* environmental limitations,

* utility availability and cost,

* community support both for existing businesses and for the prospect,

* property and business income tax rates.

Given the extreme competition for the few industrial prospects shopping for new locations, it is too late for a community to attempt to pull this relevant data together after the initial contact from the prospect. In order to stay in the game, community leaders must have ready access to updated information of the type described above.

Further, community leaders must have a regional, rather than a provincial, perspective on industrial recruitment. Negative sales techniques among two competing towns in a region may be sufficiently counterproductive to both communities that the prospect will look elsewhere.

The community or junior college is the natural focal point to encourage a regional perspective of support and cooperation among competing interests. Likewise, college personnel will be adept at collecting, assembling, and packaging the hard data which describe the opportunities afforded by the region. Thus, where others have not already acted, it is appropriate for the college to assemble an Industrial Prospect Regional Recruitment Team composed of the following interested parties:

* Educational institutions (work force training)

* Utility company representatives

* Texas Employment Commission

* Elected officials' staff members at local, state, or national level as appropriate

* Economic development professionals

* Local Chamber of Commerce, Industrial Foundation officers

- Job Training Partnership Act program manager
- Public Loan Program advisor
- Small Business Development Center director if small business is involved
- Director of data referral system for commercial/ industrial real estate (see Discussion IV D 5).
- Texas Department of Commerce representative if appropriate

The objective is to assemble a team which can respond to any area of need or inquiry expressed by the prospect. The team should meet and agree on philosophy and approach prior to its first meeting with any prospect. Training on successful recruitment strategies is important. Alternate members should be designated in each area of interest in the event a meeting is called on short notice which conflicts with the schedule of a principal member. This will ensure that the area of interest will not go unrepresented during the prospect's visit.

Properly done, the recruitment team will allow the region the confidence of knowing that everything possible has been done to enhance the opportunity for recruitment of new business and industry to the region.

II S. RESOURCE AND RESEARCH CENTER FOR THE TRANSFER OF INFORMATION AND TECHNOLOGY

Definition

The Resource and Research Center is a designated department to provide sources of information and research to clients. The center may or may not have the information on hand or do the actual research. What the center does do is provide the knowledge of where the information or research can be obtained.

Purpose

The purpose of the Resource and Research Center is to provide a one stop reference place where clients can go to obtain information or help in doing research. A client may need statistical information or may need to know where to go for help in doing market or product research. All of these things, as well as many more, are available if the client knows the source. The center provides that source.

Operation

The center maintains a data bank of source material for all types of information. The center has access to all library publications, census information, government studies and reports as well as information provided by government research projects and universities. It also has information on who does research on a contract basis. It simply makes use of the vast amount of information available on every subject and makes itself a conduit of this information for the benefit of the client.

In the broader sense, a more advanced center might actually do market research or product research, etc., for a client on a fee basis. It might use its sources to find the latest information on a particular product or manufacturing process. It could do business surveys to find the needs of businesses and identify promising new business opportunities.

The center may be funded in whole or in part by a fee schedule, grants, etc. It is an economic development tool to help existing businesses or new start-up businesses. It can be incorporated with other business assistance programs and can make the latest information on research or licensed processes available to its appropriate clients.

Without this type of help, the majority of small businesses would not know the information and opportunities that are available to them.

Sources of Information (examples)

1. United States Census

2. Libraries

3. Center for the Utilization of Federal Technology (CUFT) - publishes an annual catalog of more than 1,200 new technologies with potential commercial application and an annual catalog of federal patents and technologies available for licensing. It also publishes a Directory of Federal Technology Resources.

4. Federal Laboratory Consortium for Technology Transfer (FLC) - comprised of more than 300 federal laboratories. The regional coordinators can open the FLC network for specific business inquiries on behalf of client firms.

5. Sandia National Laboratories - program for Technology Transfer.

6. Corporate Information Services Department, University of Texas at Dallas - for a fee will provide all types of research (product, market, location, etc.)

7. STAC (NASA Southern Technology Applications Center) has an expanded database on all types of subjects.

8. Technology Business Development Center, Texas Engineering Experiment Station, College Station, Texas.

II T. DIRECTORY OF MANUFACTURERS

Several versions of a Manufacturers Directory are available to assist in economic development activities, each with its own format and area of coverage.

American Business Directories publishes the U.S. Manufacturers Directory in two volumes. The eastern region volume contains 130,000 listings ($349) and the western region volume contains 70,000 listings ($295). Listings are arranged by city, by Standard Industrial Classification (SIC) code, by number of employees only and by company name.

Information collected for this directory on each listing includes:

- Company name, address, zip code and phone number
- Employee size
- Sales volume
- Owner/manager or CEO name
- Up to 3 SIC codes

The Texas Directory of Manufacturers is published by the University of Texas Bureau of Business Research. It contains data obtained by survey from 15,000 manufacturers. Nearly half of the respondents have fewer than 25 production workers and 4,500 firms report fewer than 8 production workers.

Volume 1 is organized by location and Volume 2 is organized by product. Costing $110 per year, the directory includes the following information:

- Company name (if subsidiary - parent company name) address and phone number
- CEO, purchasing agent and sales agent - names and phone numbers
- Products manufactured (up to 5) by name and SIC code
- Year company established, form of organization
- Geographical area of product distribution; i.e., national, international, regional, local
- Number of production workers
- $ sales range

The format with the greatest number of potential applications is represented by The Greater Knoxville Directory of Manufacturers published by the Greater Knoxville Chamber of Commerce. Covering 450 manufacturing firms in a 5-county area of Tennessee, this 1987 publication is unique in two aspects.

1. Input requirements for the firm are reported in addition to the product outputs.
2. Both inputs and outputs are reported at the 7-digit SIC code level, compared to 4 digits specificity in other directories.

A Cross-Match System has been developed by the Tennessee Valley Authority to manipulate this database, allowing the following applications in the economic development field:

1. Publish a directory of local manufacturers, listing both input and output products.
2. Search for local matches of inputs and outputs, and notify local firms of opportunities to purchase and/or sell goods locally.
3. Search for contract opportunities with the U.s. Department of Defense and other government agencies, and notify local manufacturers of new market opportunities.
4. Search for export trade opportunities, and notify local firms of market opportunities overseas.
5. Support local industrial recruitment efforts by providing comprehensive data on potential suppliers and markets for new industrial prospects. Use the new primary data to help identify potential market voids for recruitment purposes.
6. Generate internal reports to provide readily available information in several different formats.

In an effort to ensure distribution of the system to agencies who are in a position to effectively gather and maintain the data, TVA requires that a contract be signed which specifies the obligations of the participant and of TVA.

Chattanooga, Tennessee and the state of Arkansas are committed to developing this same format. Northeast Texas Community College has established the building of this database in its service area as a priority of the Business and Industrial Development Center (see Section V.).

Contact points:

American Business Directories
P.O. Box 17347
Omaha, NE 68127
(402) 593-4600

UT Bureau of Business Research
(512) 471-1616

Greater Knoxville Chamber of Commerce
P.O. Box 2688
Knoxville, TN 37901
(615) 637-4550

II U. COMMUNITY EVALUATION

In order to implement an economic development program, a given community must accurately assess its current situation; it must know its weaknesses as well as its strengths, and it must empirically know the nature of its resources and/or the lack thereof. Assessment is a formal process of examining the conditions within a community to ensure that the goals and objectives established in the economic development effort are firmly grounded in reality. Through the assessment process, the community develops a listing of the resources, opportunities and obstacles that will, in large measure, determine the local economic development goals as well as the steps that must be accomplished to ensure that the goals are achieved.

Often the assessment process mainly consists of detailing conditions that are intuitively known by members of the community. For example, most community leaders of many rural Northeast Texas counties are acutely aware of the outmigration of young people because of the scarcity of job opportunities. The community assessment phase would describe the extent of that condition by quantifying exactly how many young people have left and then attempt to provide an indication or a specific reason as to why they are leaving. Assessment generally contains two separate elements: description and analysis. The description presents a picture of the community; the analysis attempts to provide the reasons for certain conditions.

Accurate data is essential for both description and analysis, and this data can be generally classified into three categories:

1. Primary: Information obtained directly by questionnaires, windshield surveys, interviews, etc.
2. Secondary: Data obtained from other reliable sources such as the United States Census Bureau, the Department of Labor, the Department of Education, the

Texas Employment Commission, and other state and federal agencies.

3. Other: Local officials, long-time residents, and local newspapers can often provide valuable information about past economic development activities and projects.

Each category provides essential information, and each category should be fully utilized in the assessment process.

As information is gathered, it should be classified and consolidated into a single resource book, usually a loose-leaf notebook. The document should provide a complete and accurate picture of the current conditions within the community. Later, this data can provide the basic information that the community can use in its marketing brochures. And if an industrial or development prospect contacts the community leadership, this previously gathered data allows the community to respond quickly and correctly to inquiries for pertinent information about the area and local economy.

Generally, the community resource document should contain both economic threshold data and community and quality of life data. Economic threshold data are those items that a business or industry can use to determine whether or not the locality meets the threshold location requirements:

the exact geographic location of the community,
the labor market,
the local economy,
taxes,
natural resources,
industrial sites and facilities,
utilities, and
infrastructure.

Community and quality of life data include those items from which the prospect decides whether an area is a good place to live and work:

general population characteristics,
climate,
local government services,
educational facilities and programs,
health and medical facilities,
housing,
recreational facilities and activities,
churches,
libraries, and
the various media.

It is important to remember that an industrial or business prospect considers the economic threshold data as "primary" and the quality of life data as "secondary." Many communities make the mistake of developing attractive, colorful brochures emphasizing the communities' beauty, lakes, mountains, forests, and its recreational, educational, and religious facilities. These may be of primary importance to the communities' residents, but they are not the primary considerations of an industrial prospect. The prospect wants hard economic data in clear, easy-to-read, and comprehensible form. He is uninterested in the four-color process photograph of the sun setting above the lake between two heavily wooded mountains. That type of brochure should be directed toward the tourist market and not the industrial and business prospect. The same is true for video productions that attempt to market a given community. Many communities spend valuable economic development funds to obtain a professionally produced video tape that is often too long, that omits the economically relevant information, and that is shown one time at the annual Chamber of Commerce banquet and is never heard of again. In order to be effective, the video should not be more than six minutes long and should immediately and graphically depict the economic threshold data. Obviously, the video should be produced with the audience in mind: one type for an industrial prospect; another type for attracting tourists. Combining the elements necessary for each audience simply assures losing both audiences.

Because a thorough assessment of a community requires that a wide range of information be collected, then many individuals and groups (professional and volunteers) may participate in the assessment process. It is, therefore, important that the data gathering effort be well coordinated with specific divisions of labor and formats. By so doing, the community can be reasonably assured that the information gathered will be concise, accessible, and accurate.

(Several different survey instruments that may be used for data collection are provided in Appendix S.)

When the local economic development team has the technical description of the community, then they can begin to analyze the data and ascertain the reasons for certain economic conditions. That analysis process must be tempered with an understanding of regional, state, national, and even international economic conditions. No community exists in a vacuum, and only assessment of its economy must take into consideration the community's context in the larger economy.

One of the best step-by-step approaches to rural community assessment is entitled Rural Resources: A How-To Guide for Rural Development Assessment, prepared by Gregory L. Wortham for State Representative Steven A. Carriker and published by the Texas Department of Agriculture in January 1988. This publication clearly explains in detail the steps that were taken by the citizens of Fisher County, Texas, in doing a comprehensive countywide assessment by using the resource team concept. In a cover letter Representative Carriker says, "The decline of America's family farms and the rural communities that depend on them is not an inevitable process. Farmers, ranchers, and their neighbors in town can work together to take charge of their own destiny and to plan for future growth in even the smallest of agricultural communities. The citizens of Fisher County, Texas, know this to be true because they have done it using very limited resources. The citizens created a countywide economic development commission to deal with growth issues on a regional basis and developed a community audit model that costs virtually nothing to implement." The descriptive and analytical information contained in a community assessment should become the basis for the next step in the economic development process--establishing goals and objectives. And, that is what the residents of Fisher County did, according to Representative Carriker's letter: "We have used the results of this process to set priorities for our future development efforts and to seek further assistance in making our plans into reality."

At the conclusion of this excellent format for doing community assessment, Mr. Wortham states that "the resource team approach to development assessment offers many advantages to rural communities," and he lists these advantages:

1. It relies heavily on local initiative, giving communities firm control over development planning.
2. It makes extensive use of free or low-cost expert assistance from both public and private agencies.
3. It requires little in the way of community resources beyond the commitment of time and energy from local participants.
4. It is extremely flexible, can be readily adapted to make use of the expertise of a wide variety of organizations, and is relevant for a variety of targeted project areas.
5. It permits a fairly broad analysis of the project area by experts drawn from a member of different disciplines.
6. It is an open process and permits the sharing of a wide range of views from many segments of the community in a project area.
7. It can be accomplished within a relatively short time frame.

As was stated at the beginning, it is not necessary to reinvent the economic development "wheel," and in this case, the Fisher County, Texas, model for rural community assessment is so thorough and detailed that it is found in its entirety in Appendix U.

II V. BUSINESS NEEDS EVALUATION

A Business Needs Evaluation is a study of existing businesses in a region, with the aim of identifying the nature of the existing businesses (what they make or do), and identifying the services, products or technologies which are in demand but locally unavailable or in short supply. Once these items are identified through the use of a questionnaire, a strategy to contact firms that provide them can be developed, or help may be given to local businesses to expand or start a new business to provide the item.

The interest is to identify problems and help develop solutions. By publishing the results of the evaluation, we can encourage our local businesses to buy from each other or perhaps identify a need for anew business start-up.

A Business Needs Evaluation should not be confused with a Community Evaluation. The Community Evaluation attempts to identify and improve things that would make the local community more attractive to new businesses desiring to locate in the area. The Business Needs Evaluation is an effort to help existing businesses solve problems and encourage them to expand by identifying profitable opportunities.
The very nature of a Community Evaluation requires that it be done at the community level, restricted to a small geographic area, since it has to be both a planning effort as well as an objective evaluation.

In order to be useful, a Business Needs Evaluation must be conducted in a broader geographic area. For example, items not available in a small city might be readily available in the adjacent community, at practically no additional cost. However, other items might be completely unavailable in the whole region, requiring that they be brought in from great distances at significant additional cost. On the other hand, a business in one town may be buying products or services from another state, adding to the expense without realizing that the same item is available in an adjacent community.

A Community Evaluation can be conducted locally at little expense. The Business Needs Evaluation is a more costly, but extremely important element in an economic development effort. While the Business Needs Evaluation has to cover the whole region and is, therefore, more expensive, if it results in added or retained jobs, it may well be the most efficient use of economic development money and effort that could be expended.

Sample survey documents may be found in Appendix X.

II W. TOURISM

Editors note: Excerpted from a speech given by Dr. Ron Cowan, Morris County Judge.

In the area of economic development, we, as small rural counties and cities, must do what we can reasonably expect to accomplish if we are to be successful. We must realize that economic development is more than industrial recruitment and further, that it is highly unlikely that a major, high-wage paying employer who employs 1,000 people will locate in a rural area. Most small towns in Northeast Texas are not "ready" for such an employer. Most rural communities do not have the infrastructure in place to attract such a plant, nor will they be ready anytime in the near future. Consequently, we need to plan and prepare for our futures by starting now on infrastructure projects that will help us 10 to 15 years from now. We need to help our local industries and businesses expand to create new jobs--80 percent of all new jobs will be created this way. In the last ten years, the Fortune 500 companies collectively have not created a single new job. New jobs are created primarily by local businesses' expanding. We need to concentrate on expanding our retail markets--by increasing local retail sales, new jobs are created, and new jobs are what economic development is all about. Further, we need to remember that economic development is not a single person's or group's responsibility. It is not just the city officials and Chamber of Commerce's role--it is everyone's job. Successful economic development is carried on by the whole community--everyone must be involved; everyone must do his or her part. Economic development is not a spectator sport--it takes all of the players playing together with the right attitude; it takes the whole community working together to win.

We must also do some things we have never had to do in Texas. First, we, as elected officials (county and city), as business people, as white collar and blue collar workers, we, the people of Northeast Texas, need to put pressure on the State Legislature for a legislative commitment to economic development and recruitment. Texas, as a state, must become competitive with Florida, North and South Carolina, Alabama, Georgia, and Tennessee. Currently, those states are experiencing an economic boom in part because of programs and legislative commitments made ten years ago. They have become the power players in economic development right now, and if Texas is to regain its place, it will take more than just the Governor's Office supporting economic development activities. The primary beneficiary of a statewide, legislative push for economic development will be Northeast Texas because we have all the necessary assets: excess water, low utility rates with excess electricity, natural gas, lignite coal, low local taxes, and a quality labor force already in place. In the future Northeast Texas will be the place to be for industrial growth, and we need to plan now and be prepared to control that growth. We do not want to destroy the inherent beauty, nor pollute the lakes and streams or the air for jobs. We cannot and must not sell our future in order to create jobs.

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Second, we are going to have to stop our cut-throat competition among ourselves for business and industry. We need to drop our preventialism and develop an areawide view. There is nothing inherently wrong with competition. The right kinds of competition help all of us. But, as was pointed out in the Recommendations of the Business Development and Jobs Creation Task Force report presented to Governor Clements in January 1987, a "major problem is the sometimes debilitating effects of regionalism in Texas. Regional competition in some areas may be desirable, but all too often regional interests have worked at cross purposes . . . . Particularly disturbing are accounts of competing communities or regions which have actively undermined one another's efforts to lure promising relocation prospects." We simply cannot afford this kind of competition. We must build bridges and foster and encourage a spirit of cooperation with our neighbors. Individually, as small rural communities, we cannot accomplish much; together we can become a significant economic force in Texas.

Industrial recruitment, retaining and expanding local industries and businesses, and improving the retail sales market take time. We need to be working on those things constantly. There is an industry that is already in place, that is available to all communities, and that can be capitalized upon today. And with proper nourishment and work, it can improve each day. That industry is "tourism."

A recent survey by Republic Bank in Dallas indicated that tourism--the travel industry--is the number two industry in Texas, second only to energy. Travel has pushed agriculture to third place. In 1963 Texas ranked 23rd among 50 states in tourism; total receipts of less than $500 million. Twenty years and much hard work later, Texas was 3rd, behind only Florida and California, with 35 million tourists and $13.7 billion in revenue. Tourism created 250,000 jobs in 1983 with an annual payroll in excess of $2.7 billion.

Economists have called tourism the "industry without smokestacks." Webster defines it as "the practice of traveling for recreation." Tourism could also be defined as "dollars and jobs." Tourism actually means: "People coming to visit. People coming to trade with us. People coming to pay taxes in our towns and our state. People coming in millions. It means creating jobs, in thousands. Tourism is people coming to enjoy themselves in our counties, our communities, our cities."

Lyndon Baines Johnson once said, "One tourist equals two bales of cotton--and they are a lot easier to pick." That may sound mercenary; it may sound opportunistic; it may sound just downright greedy. But we need to keep in mind that the typical tourist has money to spend; he wants to spend his money; he wants to have a good time, to enjoy himself, to enjoy our area; he wants to be able to go home and show his vacation slides to his relatives, his friends and neighbors, and tell them about our area. We need to be in a position to help him do just that. We need to help him leave his hard-earned dollars with us, with our community, with our businesses. We need to welcome him, treat him well, feed him well, entertain him, provide opportunities for him to spend his money so that he can truly say it was good to be in our town, our area, so that he will come back, so that he will tell his relatives, friends, and neighbors to come. He is happy; we are happy; everybody is happy. And we are so happy that we whistle on the way to the bank.

Basically, that is what tourism is about: extracting dollars from visitors, from tourists. Dollars--more dollars than most Northeast Texas business people, county officials, and city officials can imagine. Texas gathered in $12.5 billion in 1982, $13.7 billion in 1984, $14.5 billion in 1985, $16 billion in 1986, and $17.2 billion in 1987. The $17.2 billion income for the state also included a travel-related payroll of $3.9 billion and $997 million in state and local taxes. The jobs attributed to the travel industry in 1987 totaled 294,766, the most of any Texas industry. The state has set a goal of a 2 percent increase in tourism for next year, an increase that would raise the total income to $21 billion and create an additional 92,000 jobs.

In 1981 our area of East Texas attracted $7.2 billion of the state's $12.5 billion--58 percent of the whole. East Texas accounted for 56 percent of all state travel-related employment with an accompanying payroll of 1.6 billion dollars. The $77 million in local taxes paid in East Texas was 58 percent of the statewide take by local governments. That was in 1981. In 1986 Texas took in 16 billion tourist dollars, and East Texas received 63 percent for a total of $10 billion, $80 million. In 1986 tourists paid $358 million in state taxes, and $223 million in local taxes, and they created 278,102 jobs with an annual payroll in excess of $3 billion. Tourism is big business, and in our area of Northeast Texas, we need to be getting more of it.

LaVerta Lovell, owner of Yellow Rose Tours, describes the effects of tourism in terms of a "big pot." Ms. Lovell says, "Look at your area as a big pot; put all of the area residents inside and the visitors outside of the pot. When residents spend money here, it doesn't really make the pot richer, it just shifts the contents a little. But when visitors come into the area, that's when the pot gets richer. It gets richer because they leave their money here, and we don't have to take any part of it to build schools or roads or anything. And what's so great about tourist dollars is that they are blind to color, creed, race, and religion. All classes of people--minorities and unskilled labor--have an opportunity to earn some of it." The important thing is that tourist dollars are "clean" dollars, brought in from elsewhere, and they will turn over three or four times before they leave the area. "Clean" dollars are defined as those that require no new taxes, no new laws, and no new industry. The Federal Reserve System says that tourist dollars are perhaps the most important dollars we receive because they are earned elsewhere but spent here in Texas. This "new" money is what builds a stronger economy.

In 1986, 4.6 million out-of-state tourists toured Austin's cultural, educational, historical, and scenic attractions for a net effect of 400 million clean dollars injected into the local economy. In 1986, 9.5 million people visited the Alamo for a net effect of 900 million clean dollars, and in 1986, 1.2 million visitors traveled to Galveston's historical district and its 32 mile long beaches, injecting $250 million into the local economy. Interestingly enough, more than 50 percent of Texas tourists come from 10 states: Oklahoma (8 percent), Illinois, Minnesota, California, Louisiana, Michigan, Missouri, Iowa, Wisconsin, and Kansas. In order to reach Austin, San Antonio, and Galveston from these states, most tourists must come through Northeast Texas, especially the 8 percent that come from Oklahoma. Many thousands will travel down U.S. Highways 271 and 259 each year.

Both of these major highways pass directly through Camp, Morris, and Titus counties with Northeast Texas Community College located midway between the highways. It is self-evident that thousands of people pass through and around our communities daily, but often they have no reason to stop or they have no way of knowing where there is a place of interest, historical or otherwise. Attractive signs, designed to encourage, invite, and entice tourists, need to be erected on the interstates, major highways and surrounding roadways. Advertising and promotions need to appear in Southern Living, East Texas Vacation Guide, The Group Tour Manual, Dallas Parade Magazine, and Texas Monthly. Obviously, tourists do not just jump up and come to Texas; they often carefully plan their vacations. Northeast Texas communities need to be in their plans.

The port of entry, nearby tourists' information booths and area state parks need to be continually stocked with colorful, professionally produced brochures and pamphlets containing information about Northeast Texas. Special events and festivals need to be coordinated and advertised throughout the area, and every community needs to be encouraged to actively support neighboring communities' festivals and special activities. If we have a convention or a special group meeting in our city, we need to welcome them, give them something indigenous to our area. We need to greet them and make them welcome--even arrange a mini-tour of an interesting manufacturing facility, a process plant, a historical place, or an unusual business.

There is a lot of tourist trade in our area and there is the potential for a lot more; but many area residents do not recognize or realize it. This area has much to see and much to do, and we need to be able to identify those places and activities. We need to know, all residents need to know, and we need to tell other people. Word of mouth is still the best advertisement, and education--making the public aware of the potential--is crucial.

We need to realize that many Northeast Texas cities and towns will never be industrial cities, but we all have great potential for tourism. County and city officials, business people, and citizens in general need to make our cities and towns more attractive so that when people come to visit, they will stay longer, they will want to come back, they will tell their friends, and they will leave their money in our communities. Interestingly enough, community improvements designed to entice tourists are, for the most part, the same improvements necessary for active, successful industrial recruitment. Tourism provides immediate benefits, and at the same time, helps lay the groundwork for future economic development ventures.

THE TOURIST

Tourists are people just like us. There is the stereotyped image of the tourist. Don't be expecting this person because even if he exists, he is in the minority. Tourists look like us, except their cars are usually packed; they may have out-of-state license tags. They come from all backgrounds, all religious faiths, all ethnic origins.

Tourists are generally looking for five things:

1. General sightseeing. Regardless of income, age, or occupation, people like to drive around and look, especially older retired folks from nearby communities. They are tourists when they get to your town. They will stop and look at virtually anything labeled with a superlative--like the oldest, the only, the biggest, the smallest, the tallest, the ugliest.

2. Historical site and sights. Americans love history. Last year, the Jefferson Historical Museum had as many as 336 people tour in one day, and on the worst day they had 89 people.

3. A place to relax and do nothing. Folks will stay for days in a community, a park, like Daingerfield State Park or Bob Sandlin, because it is comfortable, because it is peaceful and quiet, because they like the people. Sometimes, oftentimes a friendly smile, a pleasant chitchat, or helpful information will encourage a visitor to remain a while longer in your community. If each visitor to the state of Texas last year had remained one day longer, it would have meant an additional one billion dollars in revenue.

4. Tourists like water--fishing, skiing, swimming, camping, hiking, picnicking, etc. East Texas has over 200 lakes, several with world-class fishing. Are we marketing this commodity enough?

5. Strangely enough, tourists like golf. We need to cater to this avocation.

Clearly, tourism is big business and, as such, merits equal status with other more traditional activities as a valuable component of an economic development plant.

II X. ECONOMIC DEVELOPMENT ADMINISTRATION

The Economic Development Administration of the United States Department of Commerce was authorized by the Public Works and Economic Development Act of 1965. The basic intent of the Act is to provide assistance in the construction of public facilities needed to encourage long-term economic growth. This assistance may include either grants or loans. Grants may be made for water and sewer systems, access roads, railroad sidings and spurs, flood control projects, industrial park site improvements, and other public facilities. Funds are not available for extension of natural gas or electric service under this program. Land acquisition costs are also not eligible.

To be eligible for a grant, a community must be located in an Economic Development Administration (EDA) designated redevelopment area or development center. The project must also be consistent with the area's current Overall Economic Development Program. There are four criteria that are used for designation of an area: high unemployment, low family income, an expected sudden rise in unemployment, or a substantial outmigration due to a lack of employment opportunities. There is no specific minimum or maximum project funding level designated; however, appropriations, impoundments, and other governmental actions do impose restrictions. The basic grant is 50 percent of eligible project costs with up to 80 percent available under certain conditions.

The Economic Development Administration also provides low-interest, direct long-term loans to businesses expanding or establishing new plants in designated areas. These loans will be made up to 65 percent of the total project costs (including land, buildings, machinery and equipment) and up to 25 years at a rate of interest based on federal borrowing at the time. Direct loans will be made only when the capital cannot be obtained through financing from banks or other lending institutions.

Federal guarantees for working capital loans by private institutions are also available. EDA requirements for these loans are that the projects be in designated redevelopment areas and that the project be consistent with the area's Overall Economic Development Program. The project must be a new or expanding facility and not a relocation of an existing business. Construction contractors must pay prevailing area construction wages in accordance with the Davis-Bacon Act. Construction and plant operation employment must comply with nondiscrimination provisions of the Civil Rights Act. The loan must be obtainable from other sources on terms necessary to carry out the project, and there must be a reasonable reassurance of repayment. Finally, the industry cannot have experienced a long run overcapacity situation. At least 15 percent of the total project cost must be supplied either in the form of equity capital or as a loan subordinated in lien positive to the federal loan.

EDA may guarantee working capital loans made to a maximum of 90 percent of the unpaid balance. These guarantees are available only when working capital is otherwise unavailable from private sources.

II Y. EXPORT ASSISTANCE CENTER

Editor's Note: This section is excerpted from a Texas Department of Commerce brochure entitled "Texas Exports".

Dynamic changes in the U.S. and world economy have presented new challenges for the State of Texas. Texas is faced with a major restructuring of business and financial foundations. Economic development, business expansion, diversification and job-creation are the major goals of local and state governments. Business leaders across Texas are working to locate new and promising markets for successful growth.

One of the most effective ways to achieve these goals, both in the short-term and well into the future, is by increasing our share of foreign markets. Although Texas has long been a major player in international business, most of this was through major corporations, and it was predominately oil or oil-related. Today, only twenty percent of Texas companies who could successfully market their products overseas are actively doing so. The majority of these dormant exporters are small- to medium-sized companies. Successful export marketing by this segment would immediately provide increased profits, reduced sensitivity to local economic swings, and--most important--new jobs. It should be the goal of every business, financial institution and government in the state to develop this vast, untapped export potential.

The Texas Department of Commerce, Office of International Trade, is responsible for promoting and facilitating these efforts. Their approach is two-fold. First, they encourage new exporters through publicity, education, and counseling; and assist current exporters in their foreign marketing activities. Second, they work to create demand for Texas products in foreign markets, and to channel trade leads to Texas companies.

In order to accomplish these tasks, TDoC is building a network of cooperating agencies, associations, and local governments which will facilitate any TDoC two-way communication with Texas' businesses. Any organization, government, or association can become part of this network. TDoC calls members of this team allies.

As an ally, you'll help your local businesses by allowing TDoC to better serve them. TDoC's export assistance services will include:

EDUCATION--TRAINING--COUNSELING

* Instruction and explanation on all Federal agencies and programs that are in place to assist exporters

* Co-sponsorship and organization of seminars covering export-related topics such as export marketing, documentation, letters of credit, and other topics useful to new exporters

* Training of your organization's personnel to allow them to assist companies in your area with their export activities

* Counseling by our trade specialists on specific questions or areas of concern by current or prospective exporters in your area

GENERATION AND DISTRIBUTION OF TRADE LEADS

* U.S. Department of Commerce trade leads

* Direct requests or leads made to our office

* Leads developed from our research department

* Leads generated from our overseas offices and information gathering network

TRADE FAIRS/MISSIONS

* Representation of Texas companies through low-cost participation pools at selected international trade fairs

* Representation will include advance market research and pre-marketing on behalf of sponsored companies

* Notification of, and representation to, various buyers' missions from overseas who come to our office, usually as their first place for information

* Communication to all members of information regarding shows, fairs, and exhibitions throughout the world

RESEARCH

* Foreign market studies for targeted Texas industries

* Close following and communication of major trade-related legislation in Austin and Washington, D.C.

EXPORT FINANCE

* Various trade and short-term working capital financing for export orders, through the Texas Department of Commerce, Office of Finance. These will be either direct loans or loan guarantees for private financing

* Counseling and training on how to apply for these programs

* Information and counseling on various Federal, State and private trade finance programs, trade insurance, etc.

In order for your local businesses and constituents to benefit from these services, an ally, must:

* Promote the need for international business, and work to motivate members of your business community to develop export markets

* Coordinate trade missions, export promotion activities, etc. from your area with the Texas Department of Commerce so that we may assist your efforts

* Communicate to your members the information provided by our office, such as trade leads, upcoming trade shows or missions, upcoming seminars or training programs, etc.

* Regularly provide updates to us on the export activity within your local business community

* Provide information and feedback on the leads that we provide, and the shows that we co-sponsor

* Communicate to us the specific needs of your business community as they relate to exporting

* Provide active promotion of the TDoC's programs through direct mail, newsletters, telephone, etc.

- Provide our office with a list of your member companies, preferably broken down by those who are exporting and those who aren't! This list should be regularly updated

Those organization who wish to make an even greater commitment to export promotion can establish an **Export Assistance Center (EAC)**. This will be an actual office or area of an existing location where companies can come for export assistance. the EAC will serve as a support center for seasoned as well as new-to-export companies; a location for seminars, courses and meetings related to export promotion; and a posting location for foreign trade leads.

In addition to the services that TDoC will provide to allies, the TDoC will provide EACs with:

- Company's Readiness to Export (CORE) interactive software program which will allow the EAC, through the use of a personal computer, to assess a company's readiness to export. Based upon information supplied by the business, CORE generates the ratings of that company along two dimensions--organization and product. Different courses of action are recommended for companies possessing varying degrees or organizational and product readiness to engage in export operations

- Intense training of the EAC's staff on: USDOC export assistance programs, TDoC export assistance programs, governmental and private export finance programs. All of this training will be in the context of your staff person being able to communicate this information to your local businesses who visit the center

- On-line electronic bulletin board of trade leads, information and news for Texas exporters

- Assistance in organizing a library of export assistance materials

- Co-sponsorship for programs that your organization, government or association would like to conduct on your own through your EAC

In order to qualify as an EAC, you must, in addition to the requirements for allies:

- Provide a physical location for the center, which would allow space for export reference materials, meetings, counseling, etc., and provide administrative support

- * Have a full-time staff person at the center specifically assigned to promoting exports and assisting businesses with their export activities, as well as coordinating TDoC programs, seminars, etc.

- * Provide a telephone number and have access to a facsimile machine to facilitate communication between our office, local businesses, overseas parties, etc., and your center

- * Provide a personal computer (requirements are IBM PC/XT/AT-compatible, 10MB hard disk or larger, MS-DOS 2.1 or higher, and a Hayes-compatible modem).

For further information contact:

Texas Department of Commerce
Office of International Trade
P.O. Box 12728
Austin, TX 78711
(512) 472-5059

III. THE ROLE OF THE KEY PLAYERS IN EXISTING ECONOMIC DEVELOPMENT EFFORTS

III A. COUNCIL OF GOVERNMENTS

Definition

Council of Governments (COG) or Regional Councils are voluntary associations of local governments formed under Texas law.

Purpose

These associations deal with problems, planning needs, and program administration that cross the boundaries of individual local governments or require regional attention. Council of Governments coordinate planning and provide a regional approach to problem solving through cooperative action. Membership includes city and county government, school districts, soil and water conservation districts, and other special districts.

Basic responsibilities involve planning for the development of the area, assisting member local governments in carrying out regional plans or recommendations, contracting with member local governments for the provision of certain services, and reviewing and commenting on applications for federal and state assistance. Council of Governments also provide local governments with technical assistance, service, and training.

For a sample nonfinancial agreement regarding the cooperation between the Ark-Tex Council of Governments and Northeast Texas Community College, see Appendix Q.

Role of Councils of Government in Economic Development

Twelve of the 24 Councils of Government are also designated as an Economic Development District (of which there are 15 in Texas). Several of the COGs have formed Small Business Administration (SBA) Section 504 Certified Development Corporations. The COGs are part of the affiliate network of the State Data Center. Their role is to provide socioeconomic data to interested parties.

Many of the COGs in Texas help prepare and administer economic development grants for local governments. All are involved in the Texas Review and Comment System (TRACS) which reviews and comments on economic development grant applications in their region. All the COGs also provide staff support for the regional review committees of the Texas Community Development Program.

Of the 34 service delivery areas for the Job Training Partnership Act program, 16 are administered by COGs. JTPA provides for a wide range of employment and training services, including partial or complete funding of most of the Procurement Outreach Centers in Texas.

III B. PRIVATE INDUSTRY COUNCIL

Definition

One of the major changes made in the delivery system for federally funded employment and training programs by the Job Training Partnership Act of 1982 was the requirement that each Service Delivery Area (SDA) contain a Private Industry Council (PIC).

These PICs vary in size and make-up, but all share common features and responsibilities. Title I of the Act requires that each PIC contain representatives of the private sector who are chief executives, owners, chief operating officer, or executives of nongovernmental employers. These private sector representatives must make up the majority membership of the PIC. In addition, the other membership of the PIC shall include representatives of area educational institutions, organized labor, rehabilitation agencies, community-based organizations, economic development agencies, and the public employment service (Texas Employment Commission). These members are selected for fixed and staggered terms by the chief elected official(s) of the area.

Purpose

The PICs share a common purpose in that they were established to help create the private/public partnership envisioned by the act. The basic philosophy of the act recognizes that the success of public employment and training programs requires a wide range of private sector involvement in planning, implementing, and supporting these activities. The legislation clearly recognizes that most employment is created by the private, not the public sector, and intends for the PICs to provide private sector leadership at the lowest possible level in the system.

For a sample nonfinancial agreement regarding the cooperation between the Private Industry Council and Northeast Texas Community College, see Appendix R.

Roles

Since the legislation provides only specific guidance in terms of the make-up of its PICs and since their general charge is to "provide policy guidance for, and oversight with respect to, activities under the (SDA's) job training plan," there are as many different roles as there are PICs. Each group has truly carved out its own role.

Since there are 34 Service Delivery Areas in the state of Texas, these roles cover a wide range of activities. The PIC's roles (in the area of program planning and administration) include:

1) Determining what procedures shall be followed in developing the SDA's job training plan. This might include who has input, how input is to be gathered, the mix of activities to be offered, etc.

2) Determining what agency will actually prepare the job training plan. Available options in this area are the PIC itself (acting as an independent agent), the selection of a unit of local government as an agency thereof or by such other methods or institutions as may be provided in agreement with the area's chief elected officials.

3) Selection of a grant recipient and administration entity (which may be different from each other and from the planning agency). The options here include the same range of options as available for planning purposes.

In the general area of program oversight, the PIC is authorized to review programs conducted under the JTPA plan and to establish methodologies for this review. The PIC is given the right of access to the necessary information needed to undertake this oversight.

Within these broad powers, the PICs in the NTCC area have established themselves primarily as planning and oversight bodies. Both the Ark-Tex and the East Texas Private Industry Councils have selected their respective Council of Governments as their planning, grant recipient, and administrative agencies. Actual program operation in the Ark-Tex area is also conducted by the Ark-Tex Council of Governments. While the East Texas PIC also utilized the COG as a service delivery agency, the COG and the PIC have traditionally utilized two performance-based subcontractors rather than COG staff to provide the actual service. These methodologies are probably representative of the structure most commonly used by other Texas PICs.

The potential role of the PICs goes far beyond the mere planning and oversight activities normally undertaken. PICs have at their disposal relatively large sums of money that can be utilized with a good deal of flexibility to influence economic development of a region. Examples of this include the regional economic development study being undertaken by the East Texas PIC and the government procurement centers being funded by both Ark-Tex PIC and East Texas PIC. Beyond these activities, JTPA funds can be utilized to create employment opportunities through job development, customized training, development loans, etc. It should be noted that the JTPA of 1982 clearly limits the percent of available funds that can be used for job creation activities and continues to place the emphasis on more traditional employment and training programs.

Perhaps the greatest opportunity for utilizing JTPA funds for economic development is in the development of customized training programs designed to support the existing procurement programs as well as economic and industrial development programs of other agencies and organizations. Funds can also be set aside for rapid development of very specific training programs designed specifically to meet the training needs of new or expanding employers.

In addition, the PICs could expand their planning efforts so as to develop decision-making parameters more closely aligned to local needs than the state and federal guidelines currently being utilized. Such a system would allow funds to be more carefully targeted at the SDA's needs.

Finally, and most significantly, the PICs should undertake an expanded role in economic development by providing funding and coordination between agencies active in economic development and the business community. This could take the form of technical assistance, system development, industrial and business development and recruitment, etc.

The PICs represent the only point in the system where leaders are provided with the support from the state and federal government and adequate (thorough obviously limited) financial resources. Properly directed, these resources can be used to continue to develop and implement innovative new approaches to all portions of the employment and training system.

III C. CHAMBER OF COMMERCE

Definition

Chambers of Commerce are voluntary, nonprofit, community based organizations devoted to the improvement of the commercial interests of an entire community or area. Traditionally, chambers have been made up of representatives of the business and professional interests of a community. Today, however, chambers deliberately seek representation from all segments of a community in order to allow the creation of a structure designed to better the business climate of an area and, by so doing, improve the quality of life for everyone in the chamber's service area.

Purpose

Chambers of Commerce have as their basic purpose the improvement of the business climate of a specific community or area. In order to reach this basic goal, chambers usually organize themselves into a committee structure. Under such a structure each committee is assigned tasks in a specific area. Typically these include such areas as retailing, promotions, agriculture, beautification, governmental affairs, economic and industrial development, education, tourism, transportation, etc. The list of these committees can be almost limitless as chambers attempt to impact on every aspect of the community which has some bearing on the business and professional life of a community. Simply put, the purpose of a Chamber of Commerce is to allow the business and professional segments of a community to come together in such a way as to improve the overall economic status of the community.

Role

The fundamental role of a Chamber of Commerce is to provide the organization, structure, and support systems for the business community to promote the economic well-being of the area. This generalized role, the basic structure, the status of the individuals involved, and the ability of groups such as this to direct resources including staff, communication systems, etc., put chambers in a central position to develop and mobilize community leadership. So long as a chamber's leadership provides both the internal and external direction toward accomplishing specific tasks aimed at the economic development of an area, it can influence the business community, local government, and the general population to make the necessary decisions and commit the necessary resources to meet the chamber's overall goal.

III D. INDUSTRIAL FOUNDATIONS

Definition

An organization of private citizens operating with privately subscribed funds or contacting with local taxing agencies which is created for the purpose of improving the community's economy through offering material assistance and/or services to existing or prospective industrial firms.

Purpose

A foundation acts as a community "bank" for industrial development with the prime objective of creating jobs and expanding the tax base. Its main function has been to make long-term loans through Industrial Revenue Bonds (IRBs) to deserving businesses in situations where normal credit is not available. The recent restrictions on IRBs have reduced the roles of Industrial Foundations in many cases.

Role of Industrial Foundations

Depending on its charter and funds, a foundation may offer some or all of the services to prospective incoming industries as well as to industries already established in the community:

1. Buy land and develop industrial sites;
2. Construct plants or "spec" buildings for lease and/or sale;
3. Establish working relationships with other financial sources;
4. Borrow to assist in meeting financial requirements of the foundation;
5. Furnish managerial and counseling services;
6. Cooperate in the training of workers for new skills;
7. Maintain property and buildings owned by the foundation; and
8. Provide utilities, roads, and services to sites.

Industrial Foundations may be chartered as a nonprofit or for-profit organization.

III E 1. MUNICIPAL GOVERNMENT

Definition

Municipalities are urbanized, self-governing areas incorporated under the Constitution and laws of the state of Texas. At the present time Texas has some 1,100 such units of government classified as either general law or home rule cities. Cities with a population of 5,000 or fewer persons are normally classified as general law cities and derive their authority from the acts of the State Legislature. Those cities with a population of 5,000 or more persons may, at their option, be classified as home rule cities. Such home rule municipal corporations have a broader base of power and authority. The state has approximately 227 home rule cities and 875 general law cities. While the limitations placed on general law cities by the legislature were once very significant, recent legislatures have tended to relax these requirements.

Purpose

With a majority of Texans now living in urbanized areas, we look toward city government for the facilities and services necessary to promote the common good, provide for public safety and health, and create a prosperous community. In order to accomplish these goals, cities have traditionally provided a mix of governmental and proprietary functions. Governmental functions have traditionally included such activities as law enforcement, fire protection, health and sanitation, and street maintenance and construction. Proprietary functions have included parks and recreation, utilities, public transportation, etc.

Roles

Economic development is not a traditionally recognized role of municipal government in Texas. As recently as 1981, publications on the basics of city government did not even mention such a role for Texas cities. However, in recent years the obvious has dawned on community leaders. The fact is that no other single organization has a more direct influence on economic development than does city government. After all, no one wants to live in a city that has poor services, does not have adequate police and fire protection, has prohibitive taxes, and generally has a poor quality of life. Most city elected officials and their appointed staff now recognize that nearly every action has some impact on the economic well-being of the community.

It is impossible for business to invest in new or expanded facilities unless someone has provided adequate utilities including water and waste water treatment services. The utilities must be readily available in sufficient quantities and at affordable prices to meet the needs of business and industry. The someone that provides those utilities is usually a city government.

In addition, city government has a direct role in many of these activities that are traditionally place in the category of "quality of life." These include such services as parks and recreation, libraries, etc. Also in this category are obvious, but sometimes forgotten, services such as trash and garbage collection and disposal, urban beautification, clearance of dilapidated structures, etc.

While these traditional roles of city government have obvious impacts on economic development, so do newer and less traditional activities. These include such things as grant applications, loans and loan guarantees, tax abatement and deferral, and participation in specialized programs including as enterprise zones and industrial revenue bonds.

To repeat an earlier statement, every action taken by city hall has some impact, either positive or negative, on the economic development of a community. Civic and local governmental leadership must recognize this fact and make it a part of their decision-making process.

III E 2. COUNTY AND STATE

Local economic development activities involve many individuals and groups, each of which has an interest and/or a specific role in the development process. As a matter of course, local public officials (i.e., mayor, town council, county judge, and commissioners court) usually decide whether a given community will establish an economic development program. Obviously private individuals and groups can carry out development activities, but those activities cannot be considered as an adopted local process without the express sanction of the local governing entity. Local officials represent the community's interests throughout the development process, and they make the final decisions regarding incentives that might be provided on a local level. In many instances, federal and state subsidies or grants (i.e., Texas Department of Commerce Economic Development Grants; Texas Department of Community Affairs Community Development Block

Grants, federal Urban Development Action Grants) must be channeled through and receive the active support of the local governing body.

In looking at economic development activities, local officials must consider the real costs of using general revenues, donations, federal and state grants and loans to support economic development. Small towns and rural communities often promote industrial development as a means of strengthening or revitalizing their local economy. Attracting a new industry or expanding an existing industry creates new employment opportunities and raises local income levels. Increasing the local tax base and improving the community's net fiscal position are often cited as major advantages of a new industry. However, information and statistics offered in support of industrialization often reveal only the gross benefits of industrial and commercial development in terms of numbers of employees, total payroll, gross value of output, appraised taxable value, and other similar data.

Promoters of industrial development may overstate industrial benefits and understate added costs for four basic reasons: (1) committees transport part of the plant's payroll out of the community; (2) the multiplier effects are smaller because residents tend to consume outside the community, especially in smaller communities; (3) the local government is unable to convert economic growth into tax revenues because of tax concessions given to new industry; and (4) the increased demand for community services and thus increased costs are not fully considered. Consequently, negative fiscal costs are often underestimated and overlooked. Since these negative costs heavily impact the local government, local public officials at the municipal and county levels must take them into consideration in any economic development activity.

In order to adequately budget and expend scarce community resources, local public officials should utilize an Industrial Impact Model similar to the one developed by Texas A & M University. This Industrial Impact Model provides valuable information for community planners and decision makers concerned about the economic impact of industrial growth. The model provides insight into the net economic impact of industrial development and expansion on four community sectors: (1) the private, (2) the municipal government, (3) the school district, and (4) the county government. Applicable to rural towns, counties, and regions throughout Texas, the model is a relatively inexpensive way to analyze the benefits and the costs of industrial growth.

The Industrial Impact Model is available through the Texas Agricultural Extension Service and Texas Agricultural Experiment Station of Texas A & M University. Access to the model may be gained via a telephone-linked computer terminal. Special arrangements may be possible to make the model available on local computer systems. For information regarding the Industrial Impact Model, contact:

Dr. Lonnie L. Jones
Department of Agricultural Economics
Texas A & M University
College Station, TX 77843
(713) 845-2333

or

Dr. James I. Mollett
Texas Agricultural Extension Service
Texas A & M University
College Station, TX 77843
(713) 845-4445

By using instruments such as the Industrial Impact Model, city and county elected officials can better assess the actual cost of an economic development endeavor.

It goes without saying, that a strong, viable economic development program must have the active support of local elected officials. City and county officials often must defend their fiscal support of economic development activities to some local constituencies that argue putting resources into an economic development program is, at best, speculative and sometimes risky. They will argue that the expenditure of local revenues should go for public works projects that are of immediate benefit to the community. Unlike most public expenditures, economic development can provide an actual return on investment in terms of increased revenues from sales and property taxes. Public officials can argue that these increased revenues provide a stronger financial base with which the community can address public improvements (i.e., water, sewer, streets) in the future.

III E 3. NATIONAL

At the request of the BID Center U.S. Senator Phil Gramm and U.S. Congressman Jim Chapman have graciously contributed the following material which outlines their view of the role that elected officials can play at the national level in support of economic development activities.

PHIL GRAMM
TEXAS

United States Senate
WASHINGTON, D.C. 20510

May 27, 1988

Mr. Jim Davis, Director
Business & Industrial Development Center
Northeast Texas Community College
Mt. Pleasant, Texas

Dear Jim:

Very few areas of our state can match the quality of life found in Northeast Texas. It is a wonderful place to live and raise a family. I am convinced that Northeast Texas has the potential to develop into one of Texas' most opportunity laden sites to work and earn a living. To that end, I have pledged my support to Northeast Texas economic development endeavors.

I, as a federal legislator, believe that government can best aid small business and industry by promoting policies which create an economic climate conducive to growth and prosperity. To achieve maximum efficiency of our free enterprise system, congress must exercise great caution not to burden this nation's entrepreneurs with excessive regulations and taxes. Such a congressional attitude would well serve Northeast Texas efforts to spawn and nuture economic development.

Additionally, I believe there are occasions which merit forging government and business into a working partnership for economic development. The specifies of qualified projects may vary significantly but the dominate characteristic of the effort is the creation of a foundation on which private sector jobs will be created. I am committed to facilitating such partnerships involving those worthy enterprises that will expedite economic growth.

The vision of Northeast Texas Community College which led to the establishment of the Business and Industrial Development Center is to be commended.

The B.I.D. Center's accomplishments have made a major contribution toward strengthening the economy of Northeast Texas. You may be sure I will continue to work on behalf of this interest in the United States Senate. Please contact me if I may ever be of service to you.

Respectfully yours,

Phil Gramm

PHIL GRAMM
United States Senate

PG:tbw

Enclosure

MEMORANDUM

DATE: May 27, 1988

TO: Jim Davis

FROM: Staff of U. S. Senator Phil Gramm

RE: Northeast Texas Economic Development Highlights

* **RED RIVER ARMY DEPOT:** A government owned and operated Army distribution center and equipment refurbishing facility that employs several throusand Northeast Texans. Senator Gramm, as a member of the Senate Armed Services Committee, is working on behalf of this operation to expedite the construction of a new centralized distribution facility thus ensuring its future mission with the U. S. Army and bringing federal defense dollars to Texas.

* **LONG STAR ARMY AMMUNITION PLANT and LONGHORN ARMY AMMUNITION PLANT:** Both are government owned ammunition production facilities in which the operation has been contracted to the private sector. The former is located in Bowie County and the latter is situated in Harrison County. Both operations are very large employers of Northeast Texans. Senator Gramm, as a member of theSenate Armed Services Committee, is working on behalf of these production facilities to bring government contracts to Northeast Texas.

* **COOPER LAKE:** A large Corps of Engineers' project originally authorized by Congress in the 1950s but delayed several years by Court action over environmental concerns. Senator Gramm is working on behalf of this reservoir project to expedite its completion fully equipped with recreational facilities. The three-county area of Delta, Hunt Hopkins and Lamar counties are expected to greatly benefit from the projected 1.5 million annual visitors to the lake.

* **ECONOMIC DEVELOPMENT CONFERENCE:** A one day conference held in Marshall during February of 1987 designed to provide Northeast Texas with additional knowledge that, once applied, would strengthen community economic development efforts. It was a "nuts and bolts" type agenda (in contrast to the "pie in the sky" ideas) that Senator Gramm worked with the Department of H.U.D. to arrange.

* **D.O.D. CONFERENCE:** A one day session Senator Gramm co-sponsored with Congressman Ralph Hall in May of 1987. The conference was designed to assist Northeast Texas small business and industry in developing the "know how" (understanding the process) to contract with the Department of Defense.

* **LONE STAR STEEL:** Senator Gramm has devoted a significant

effort to assist Lone Star Steel in obtaining proper clearance ("short supply import license") from the U. S. Commerce Department to import steel slabs needed as raw product in the company's manufacturing process. The access to these slabs, which are not available from domestic suppliers, has allowed Lone Star to maintain production levels thus averting layoffs.

- **SUB-FOREIGN TRADE ZONES:** Senator Gramm is working with a number of East Texas cities in applying for the sub-foreign trade zone designation through the U. S. Department of Commerce. The acquistion of this status would allow manufacturers to be more competitive in a world market thus postively affecting employment.

- **FEDERAL FINANCIAL ASSISTANCE:** Senator Gramm is working with many Northeast Texas municipalities that are pursuing financial assistance for worthy economic development projects. The dominate agencies involved are HUD, Commerce (E.D.A.), F.A.A. and FmHA. The assistance includes both loans and grants to be used in the construction/improvement of infrastructure and as "seed" money for a wide range of projects such as "small business incubators", convention centers, etc.

JIM CHAPMAN
FIRST DISTRICT
TEXAS

429 CANNON HOUSE OFFICE BUILDING
WASHINGTON, DC 20515-4301
TELEPHONE: (202) 225-3035

COMMITTEES:
PUBLIC WORKS AND TRANSPORTATION
SCIENCE, SPACE, AND TECHNOLOGY
DEMOCRATIC STEERING AND POLICY

Congress of the United States
House of Representatives
Washington, DC 20515-4301

May 26, 1988

Mr. Jim Davis, Program Director
Business and Industrial Development Center
Northeast Texas Community College
P. O. Box 1307
Mt. Pleasant, Texas 75455

Dear Jim:

I appreciate the opportunity to make this contribution to the model program for economic development being developed at Northeast Texas Community College. The work of your committee promises to be a tremendous asset to the future of not only East Texas but the entire State.

Economic development from the federal perspective has changed significantly in the past few years. With the reduction of the federal deficit as the overriding concern in Washington, federal dollars for economic development have begun to recede. The elimination of General Revenue Sharing is but one example of the decreasing direct federal role in local economic development. However, the federal government has and will continue to play an important role in fostering local, state and private sector participation in economic development efforts.

In economically depressed areas, the government must set the stage or lay the groundwork for private sector involvement. Although private employers are the cornerstone of job creation and expansion, they may not be able or willing to sustain the costs of necessary infrastructure in distressed areas without at least some support from the government. Recent major examples of infrastructure improvement in Northeast Texas include the authorization and construction of Cooper Lake in Delta and Hopkins Counties and over $2 billion in improvements to U. S. Highway 59. Many smaller infrastructure projects throughout the District continue to be funded through the Economic Development Administration.

Of course, the most direct impact that the federal government has in this area is through the actual creation of government-related employment. The best example in our District is the Red River Army Depot in Bowie County which employs over 5,000 persons making it the largest single employer in the District. The recent authorization by Congress of a major modernization of Red River will insure the preservation of those jobs and pump an additional $40 million into the Northeast Texas economy.

Another important role the government has to play in promoting economic growth is evidenced in more indirect ways. The essential elements of any economically vibrant community are not just roads and water but a quality educational system and a modern healthcare delivery system. The Congress, of course, has a significant impact on both of these areas. In economically distressed areas, other important development tools include tax incentives and job training and worker relocation benefits.

One of the major threats to the future of our economic well being is the health of our rural hospitals. Without an adequate healthcare delivery system, no area will be able to attract or retain industry and rural healthcare institutions are closing at an alarming rate. In Texas alone, 52 hospitals have closed in the past four years. In 29 cases, the closed hospitals were the only healthcare providers in the community.

I have recently introduced legislation that will end Medicare discrimination against rural hospitals by eliminating the rural/urban differential that pays urban hospitals more than rural hospitals for the same services on Medicare patients. My goal is to maintain and strengthen the quality of care offered through our rural health programs thereby insuring that rural East Texas remains competitive in the economic development arena.

The federal government and your U. S. Congressman obviously have a role to play in local economic development. Whether the contribution is as dramatic as Red River Army Depot or as subtle as continued federal support for occupational education, I can assure you that economic development in Northeast Texas will remain my highest priority.

Again, I applaud you and Northeast Texas Community College for the work you are doing and offer my support in any way you deem appropriate.

With kindest regards, I am

Sincerely,

Jim Chapman
Member of Congress

III F. LOCAL SUPPORT GROUPS

Triangle In The Pines

Definition

The Triangle In The Pines organization is a consortium of representatives from the Chambers of Commerce of the towns of Hughes Springs, Daingerfield, and Lone Star as well as individuals concerned about the economic development of the area.

Purpose

The purpose of the Triangle In The Pines is to actively promote tourism, recruit new businesses, and encourage the expansion of existing businesses. None of the three Chambers of Commerce had the necessary funds to do economic development alone. By pooling their resources it was possible to do things that individually would be impossible. In addition, by promoting the area as a whole, the area looked more appealing to prospects (total number in the work force, types of facilities, etc.).

Role of Triangle In The Pines in Economic Development

The Triangle In The Pines (TIP) organization has received contributions from businesses, individuals, and the Chambers of Commerce. It has also held its own fund raising programs. A name for the three communities was selected. A colored brochure was designed and printed (see Appendix H). This brochure has been mailed to interested business prospects, tourists, and anyone seeking information. The brochures have been distributed at sports and vacation shows in various cities throughout the United States and Europe.

Ads have been run in newspapers in various cities entailing what the area has to offer in tourism, retirement, and business opportunities.

A 15-minute video with four 30-second "spots" for advertising the area was produced and run on television stations in Dallas and Fort Worth. The video is also being sent to business prospects, civic clubs, conventions, tourist bureaus, etc.

In general, the TIP organization is attempting to be the focal point in economic development for the three-city area.

Community Advancement Board

Definition

A group of local business people, appointed by the Chamber of Commerce, representing all aspects of the Mt. Vernon community.

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Purpose

The purpose of the Mt. Vernon Community Advancement Board (CAB) is to seek out local entrepreneurs with a vision to succeed and unite them with local business talent to assist them in start-up and expansion of local business. The CAB is a board of the Chamber of Commerce with the specific goal of helping advance local talent.

Role of CAB in Economic Development

The Community Advancement Board has been active in the advancement of local projects. The two primary efforts have been to encourage the growth of the blueberry industry in the area and to attempt to set up a centralized food processing plant for the area. (See IV D 4.)

III G. COMMUNITY AND JUNIOR COLLEGE SYSTEMS

Purpose

The purpose of the community colleges' involvement in economic development is multifaceted:

1. To enlarge the tax base, thereby augmenting its source of funding.
2. To enlarge the curriculum offered.
3. To obtain grants for research, additional facility, and the upgrading of technical equipment.
4. To stay in contact with the needs of the community and new technologies developing in industry.
5. To provide good will associated with helping the local economy.
6. To attract new students.

Role of Community Colleges in Economic Development

The role of community colleges' involvement in economic development can be almost unlimited. Many colleges are already involved to some degree, a few are on the leading edge in the field of economic development, and many are at various stages in between.

A partial list of economic development efforts by community colleges include:

A. Participation of college staff on industry recruiting teams.
B. Retraining programs (for dislocated workers, etc.)
C. Job placement services.
D. Providing basic skills training (reading, math, communication).

E. Cooperative education programs such as on-the-job-training mixed with classroom training.
F. Instructional releases for teachers to work in industry.
G. Training in basic and mid-level management skills.
H. Short courses and workshops.
I. Conducting research and development as applied to small business operation.
J. Disseminating research results on technical change.
K. Providing business resource libraries.
L. Consultation in export management.
M. Courses in business financial planning.
N. Career and vocational counseling.
O. Participation of college staff on local community development councils.
P. Skill assessment of potential employees.
Q. Collecting labor market information.
R. Doing market research.
S. Providing counseling through Small Business Development Centers.
T. Assisting business to bid on government contracts.
U. Other business technical assistance programs.

The list goes on, and more and more community colleges are getting involved in the economic development effort. Not only is it beneficial for them to do so, it is imperative that they do! Perhaps no other entity is better suited to take the lead in this effort. Many of the activities needed are already in the natural turf of the community college environment; most of the ones that aren't can be easily meshed in.

Community colleges in North Carolina, Oregon, Florida, Illinois, and other states have seen the need and the benefits. They are assuming their roles as leaders in the field of economic development and benefiting from the experience. (For extended discussion of specific programs, see Section VIII.)

III H. UNIVERSITY SYSTEM

The Northeast Texas area is served by two 4 year institutions of higher education, East Texas State University at Texarkana and University of Texas at Tyler. An examination of each institution's economic development efforts appears below:

ETSU-Texarkana

1. Sanderlin Center for Business Research - This unit of ETSU-Texarkana produces a quarterly Business index to track the economic health of the Texarkana area. Many local variables are included in the Index to arrive at a realistic assessment of current conditions and trends. Periodic economic

forecasts are made to assist in business planning. Also, an annual survey of apartment rents and occupancy is made for Texarkana.

2. Small Business Institute (SBI) - The university has an active SBI with approximately 15 projects completed per semester in the Texarkana area.

3. Marketing Research - One marketing research project per year is completed by students under the direction of a marketing professor.

4. Center for Professional Development - This is a continuing education effort to upgrade knowledge and skills of business and professional persons. The center is equipped to host teleconference seminars or live presentations. They also can customize training for individual businesses and provide that training at the university or at a businesss' location with a portable satellite hookup.

   Teleconferences can be set up for targeted audiences such as: protective services, bankers, attorneys, CPAs, insurance agents, and real estate personnel.

University of Texas at Tyler

The Council on Economic Development serves to unite the university's diverse academic programs by combining the resources of the various academic departments in support of economic development. Foremost among the objectives of the council is that of preparing knowledgeable and productive employers and leaders. The following programs have been designed to generate ideas and technology through research and to disseminate the information.

1. Office of Business and Economic Research - Research and analysis of economic data and trends is disseminated twice a year through the publication Business Review and through the annual conference "Economic Review and Outlook for East Texas." Contract research is also available.

2. Small Business Institute (SBI) - The SBI provides management assistance, sponsors seminars on small business topics, and offers practical experience to undergraduate and graduate students who participate.

3. Management Education - A wide variety of management seminars from the faculty, outside experts, and executives in residence are available at UT-Tyler or on location.

4). Technology Partnership Organization - Stronger linkages between industry and higher education in order to increase the competitiveness of regional industries is the mission of the Technology Partnership Council. The Texas Innovation

Information Network System (TIINS) is designed to link those who innovate with those who have the resources to refine, produce, and market new technologies.

5. Distinguished Lecture Series - Internationally renowned speakers underscore the reality that economic conditions are affected profoundly by events and personalities far removed from local perspectives.

6. Policy Studies Group - Social scientists provide contract research and consulting services to public agencies and other community organizations.

7. Wellness Center Project - Promoting physical and psychological well-being of citizens throughout society is an element essential to the development of its economy. This project serves three target groups: senior citizens, neglected/abused children, and pregnant women with no regimen of prenatal care.

8. Human Development Center - Provides communities and business with a wide variety of wellness programs designed to improve quality of life and enhance productivity.

III I. UTILITY COMPANIES

Definition

Utility companies have a vested interest in the economic vitality and expansion of the geographic area in which they serve. Historically railroads were the first participants in organized economic development efforts. Electric utilities are now the main participants, particularly in industrial recruitment. Natural gas utilities and phone companies are entering the field with different degrees of commitment in the various service areas.

Purpose

The ultimate purpose of a utility company's economic development program is to sell more of their product, i.e., electricity, natural gas, phones, etc. This is done by enhancing the existing business climate to make sure existing businesses stay in business and/or expand (Business Retention and Expansion Programs) and by recruitment of new businesses into the area to increase the customer base (industrial recruitment program).

Role of Utilities in Economic Development

The major utility players in economic development in Northeast Texas are the electric utilities. Southwestern Electric Power Company (SWEPCO) is typical of a utility's efforts to market the area to facilitate new plant locations.

SWEPCO's objective is to get an industrial prospect to come to the area for a site visit. Most of their efforts are put into the stages leading up to this point. Once the prospect decides to come for a site visit(s), SWEPCO coordinates with local representatives to show the community and/or communities and site(s) to the industrial prospect.

The major emphasis of SWEPCO's economic development efforts is industrial recruitment, and the following tasks are the strategic elements leading up to the site visit:

1. Community Profile - SWEPCO keeps on file a current community profile of every community in its service area. These profiles are used to match the requirements of a prospect to the resources of a particular community. SWEPCO also keeps an inventory of industrial buildings in its database to aid industrial prospects in their site selection process.

2. Advertising - Promotional advertising is placed in economic development trade journals/magazines by SWEPCO in order to draw attention to the area and enhance the recruitment efforts.

3. Direct Mail - Twice a year a newsletter highlighting the activities of the area is sent in a mass mailing to corporations around the country. Specific direct mail letters periodically go to selected industries promoting the benefits of the area and offering any assistance that might be needed in their site selection process.

4. Prospecting Trips - SWEPCO may target a specific industry or industries in a certain geographic area of the country to visit in person. These trips are prearranged by appointment (some utilities may do "cold calling") and are designed to provide face-to-face information exchange and personal contact. A prospecting trip is designed to provide personal promotion for the area and establish a personal contact with potential industrial relocation or expansion prospects.

Southwestern Bell Telephone Company is a relatively new player in economic development in the area but is getting more involved every day. It has published a Business Retention and Expansion Program manual as a guide to a cooperative local economic development effort with the purpose of identifying opportunities to assist local firms in expanding their facilities, creating jobs, and diversifying the local economic base.

III J. TEXAS EMPLOYMENT COMMISSION

The popular view of the Texas Employment Commission is that it is an agency where one who is unemployed may go to register for jobs that may be available in the area. It is that and more. The Job Service Program is designed to match job skills with needs of local business and industry. Job Service also has programs for testing, counseling, and referring job applicants. It also conducts job search workshops. Since one of the biggest costs for business and industry is labor, any reduction in labor costs, especially start-up costs, is a big plus for economic development.

A second program is what is called the Unemployment Insurance Program where laid-off workers can get partial income while they look for other jobs or wait to be called back to work for the former employer. This provides for more stability in the local work force and less disruption to the unemployed who might otherwise have to leave the community. The availability of a trained and stable work force is desirable for recruitment and expansion of business and industry.

Economic Research and Analysis is the third department of the Texas Employment Commission. Within our geographical area, there are field offices in Longview and Texarkana. The following statement was provided by the Austin office through Bryan Campbell, area manager, located in Mt. Pleasant:

> "The Texas Employment Commission is vitally interested in the economic development of the Northeast Texas area. TEC can provide data of a specific nature generated from the resources and databases uniquely available to TEC. The Economic Research and Analysis Department of TEC has extensive experience in employer surveys and industrial and occupational data necessary for economic development. Local surveys can be conducted on a contract basis to determine the exact employer skill needs and the potential targeted applicant supply available. TEC can provide other data of a specific nature such as labor force and population information, information on occupations and jobs, and training and placement assistance information."

Personnel of the local TEC offices offer expertise in economic development by serving on various local boards and committees that are engaged in economic development.

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III K. TEXAS DEPARTMENT OF COMMERCE

Definition

The state agency for a unified approach toward state economic development. The department reports to a six-member board of directors appointed by the Governor.

Purpose

The department's basic mission is to improve the business and economic climate of the state, serving as a catalyst to create new jobs while promoting Texas as an ideal location for business development and leisure. Five strategic objectives have been identified:

1. Retain and expand existing businesses;
2. Attract more visitors to Texas, thus creating substantial early employment gains while simultaneously increasing tax revenues;
3. Improve the survival rate of small businesses;
4. Attract new business and industry from domestic and international markets;
5. Institute policies and programs to create an environment demonstrating a commitment to professional development and equal opportunity.

Role

Several TDC divisions will play a primary role in achieving these objectives as described below:

Business Development Division - This division serves as a liaison with Texas industries and businesses.

Activities of this division focus on expansion of the state's existing businesses and industrial base and marketing Texas throughout the U.S. and worldwide as the ideal location for business relocation and expansion. The division works to develop both investment in and trade with Texas from national and international sources.

Another effort is aimed at promoting Texas as a competitive regional production center for film, video, and music productions.

This division is also tasked with providing assistance with financing, packaging, community economic development training, and the commercialization of advanced technology.

Tourism Division - This division is charged with increasing tourism and travel-related expenditures in the state.

To achieve its goal, additional funds have been appropriated for marketing Texas as a travel destination within the U.S. and internationally.

The marketing campaign will utilize print and electronic media to attract potential visitors, featuring a toll-free telephone number to enhance consumer response.

Small Business Division - This division serves as the state's chief advocacy office for small business.

The division notifies small business organizations about proposed state and federal regulations which may affect their operations.

A full-service component of the department, this division also provides assistance with identifying sources of capital, management training, and technical assistance programs throughout the state.

The division oversees the Business Permit Office. Recently established as a centralized business permitting service, the office is a clearinghouse for business permit information. It also assists with expediting the permitting process for incoming or existing businesses.

Work Force Development Division - This division is designed to ensure that a highly trained and motivated labor force is available when a new or expanding industry begins operation.

Training programs are customized for the specific skills needed by the industry and offer access to all of the occupational training facilities of Texas' public colleges and secondary schools.

Typically, each training program entails: (1) identifying the immediate "start-up" work force needs, (2) designing training programs and selection of trainers, (3) recruit and screening the work force, (4) training workers, (5) monitoring and evaluating program success.

To help economically disadvantaged youths enter the job market and maintain employment, this division is also responsible for a variety of education and training programs.

Research and Planning Division - This division consists of three program areas:

1. Economic and Market Analysis
2. Data and Information Services
3. Strategic Planning

The areas share a primary goal--to provide economic and marketing information and analysis for use by the department's business clients and local economic development organizations.

The division also provides support to the Texas Strategic Economic Policy Commission, an 18-member panel chaired by the Governor, which will produce a strategic economic plan for Texas by January 1, 1989.

Additionally, the division oversees the following programs:

The State Data Depository - a compilation of state socioeconomic information used in support of marketing and development activities by the agency and local development organizations.

The State Data Center - the state's official liaison to the U.S. Census Bureau.

Marketing and Media Division - This division has a mission to create, develop, and implement a marketing program which promotes Texas as an ideal state for business and tourism.

Toward this end, staff members work with all commerce divisions to develop strategies required for achieving individual objectives.

In conjunction with the division of business development, small business, work force, and finance, the staff produces and implements marketing and communications plans to retain and expand Texas' businesses and attract businesses and industries from other states and nations.

This division also works with tourism to develop strategies for increasing visitors and travel-related expenditures in Texas.

The staff is responsible for generating and maintaining public awareness and support for Department of Commerce programs through media relations. Further, it provides support for the ongoing enhancement of all marketing programs through evaluation and tracking.

Finance Division - This division offers a wide variety of financial assistance to businesses and communities with the emphasis on creation and retention of permanent jobs. The following programs are offered:

Rural Industrial Loan Fund--This revolving loan fund is available for manufacturing and industrial projects located in rural areas of the state. Funds may be used for fixed asset financing only and the department's participation is limited to 4 percent of the total project cost. Export Finance--Under this program, financial assistance is provided to export businesses to finance or refinance costs incurred in connection with the international export or pre-export of Texas products. Enterprise Zones--This program provides appropriate investment incentives, tax benefits, and regulatory relief to encourage the business community to commit its financial participation. In addition, Business Finance administers the state's Industrial Revenue Bond Program--

all bonds issued pursuant to the Development Corporation Act of 1979 are approved by the department. Allocation of the State's Volume Cap for Private Activity Bonds--Business Finance administers the state's volume cap for private activity bonds that are issued in this state.

The Community Development Block Grant Program is administered by the Finance Division. This program includes the Planning Capacity Building Fund, the Texas Capital Fund, Interim Financing Fund, Community Development Fund, Special Impact Fund, Emergency Need Fund, and the Texas Rental Rehab Program.

Texas Small Business Industrial Development Corporation--provides financial assistance through its Texas Public Facilities Capital Access Program (TEXCAP) which is a pool of funds that can be borrowed by local governments for economic development projects.

III L. TEXAS DEPARTMENT OF AGRICULTURE

Definition

The state commission is responsible for development and promotion of agriculture in Texas.

Purpose

The department's objectives are to help Texas producers expand the marketing of traditional crops, find economically viable new crops, and reap the benefit of value-added revenue by processing agricultural products in addition to producing them.

Role

1. Agriculture Development - TDA's Agricultural Development Program assists Texans involved in agriculture, mariculture, and aquaculture to diversify into higher profit agricultural business activities. This program provides technical assistance to producers and entrepreneurs seeking to capture value-added dollars from processing and marketing, conducts marketing surveys, provides basic market research and potential buyer lists, writes cost analysis and feasibility studies on the proposed operations, assists in identifying potential project financing, and assists is the development of new and expanded agricultural industries and alternative crops.

2. International Marketing - TDA has designed an aggressive International Marketing Program to work with Texas producers and suppliers of food, fiber, and livestock to increase their profits worldwide. Regional staff specialists (Latin America, Middle East, Africa, Asia, and Europe) cover the

globe to develop business contacts, identify trade opportunities, conduct trade missions, and work with Texas suppliers at international expositions.

The TDA generates a series of export directories and distributes those to thousands of foreign buyers. The computerized trade lead system also matches foreign buyers with Texas suppliers. TDA provides logistical support to foreign buyers coming to Texas, including language assistance and transportation. Export seminars are also provided to Texas producers.

The Mexico-Texas Exchange Commission (M-TEC) is a unique state-nation relationship formed in 1985 to facilitate agricultural trade and technology exchange between Texas and Mexico.

3. Texas Agriculture Product Promotion - This program is designed to build upon the "mystique of Texas" by providing a product advertising and identification campaign acceptable to all segments of the food industry. In addition, it is a market-development effort, targeted to carefully identify segments of the nationwide food distribution system. The overall goal is to increase sales of both raw and processed agricultural commodities from Texas. This program fully complements agricultural development efforts by providing consumer and buyer identification of food and fiber items produced by new processing enterprises and by promoting sales of alternative crops. The Taste of Texas program is the primary advertising and promotional strategy employed by TDA to help buyers know that a product is manufactured in Texas using at least 80 percent Texas agricultural products.

4. Direct Marketing - This program consists of two components: farmers' markets and direct wholesaling. The farmers' market program provides technical and organizing assistance to producers, consumers, and local government officials, business people, and community organizations to create new farmers' markets or expand existing ones. These markets are single or multiple locations where producers sell their own products directly to consumers.

   The direct wholesaling program assists small-scale producers to pool their products, often through marketing cooperatives, to sell directly to major commercial buyers such as grocery chain stores, institutional wholesalers, and regional processors. Direct sales contacts are also established with restaurants, school systems, senior citizen nutrition centers, and consumer buying clubs.

5. Market Data and Information - TDA administers two programs in cooperation with the U.S. Department of Agriculture that provide agricultural data and information to producers, commodity associations, agribusiness, government agencies, and the news media.

The Texas Market News is the originating source of agricultural market news for the state. It is a daily public service that reports price, supply and demand factors, commodity inventories, product movements, receipts, and weather factors. Market trends are gathered statewide by market reporters, and this information is disseminated through toll-free telephone lines, regular publications, and feeds to newspapers, radios, and journals.

The Texas Agricultural Statistics Service develops crop and livestock production estimates for 72 agricultural commodities and price estimates covering both prices received by farmers and ranchers and prices paid for imports. Regularly published bulletins provide historical data as well as detailed information on a district and county level.

IV. THE NORTHEAST TEXAS COMMUNITY COLLEGE EXPERIENCE - THE BUSINESS AND INDUSTRIAL DEVELOPMENT CENTER

IV. THE NORTHEAST TEXAS COMMUNITY COLLEGE EXPERIENCE

BUSINESS AND INDUSTRIAL DEVELOPMENT CENTER

IV A. ORIGIN

The Business and Industrial Development (BID) Center opened its doors in January 1987 with two full-time employees and an annual budget of $90,000 provided by a grant from the Ark-Tex Private Industry Council. The original objective of the BID Center was to operate a procurement outreach program to assist small businesses in learning how to identify and to pursue government contracts. By June 1988 the center had assisted its 111 clients in obtaining 59 government contracts worth a total of $2,393,114. Using an economic multiplier of 5, the procurement program can lay claim to nearly $12 million in economic impact in its nine-county service delivery area in the first year of operation.

While this alone could be considered satisfactory progress for a first-year program in another environment, NTCC officials and BID Center personnel combined to extend the program into other service areas. As of April 1988 the BID Center is staffed by four full-time and three part-time employees and commands an annual operating budget of $250,000. The additional funding has come from the United States Small Business Administration and Texas Higher Education Coordinating Board grants and NTCC contributions.

The new programs available to businesses due to the increased resources, include a free counseling service for companies that experience problems in marketing, finance, accounting, computer, real estate, and other business disciplines. An M.B.A. employee with 10 years' experience in the banking industry is also on staff to assist with the capital requirements of new and expanding businesses.

IV B. NECESSITY OF ADMINISTRATIVE COMMITMENT

In order for a nontraditional business assistance effort to thrive in the academic environment, it is essential that the organizational commitment originates from the highest executive level. This principle is restated throughout the literature which reports on successful business development programs in community and junior colleges across the country. The vision and commitment of Dr. Wayland DeWitt, President of NTCC, is expressed in the Foreword to this report.

Among the advantages associated with a strong executive commitment are:

1) The economic development team must not be isolated from the traditional collegiate functions, but rather fully integrated operationally as well as socially. Attendance at and presentations to college faculty and Board of Trustees meetings are a vital means of publicizing the services available.

2) Despite the availability of considerable grant money to conduct economic development efforts, such efforts will not be without costs to the host institution. In an era of tight budgets, competition for scarce resources can create jealousies and turf battles to the great disadvantage of a new program operating outside the traditional academic mainstream. A strong executive commitment to the economic development program can surely ward off difficulties in this area.

IV C. BUILDING THE CENTER ONE BRICK AT A TIME

In the world of business, organizational stress and even failure can frequently result when a successful enterprise attempts to expand too much, too fast. For example, a successful expansion of marketing efforts could result in more production commitments than the facility is capable of meeting or more than the finance department can afford to purchase in raw materials to process. As a result, promises to customers are broken, creating a credibility gap that haunts the firm for many years to come.

Mindful of this possibility, NTCC has pursued an aggressive, but deliberate, strategy for building its economic development program. The internal organizational framework for the Business and Industrial Development Center was initiated in October 1986 upon the commitment of the college president. A successful application to the Ark-Tex Private Industry Council provided funding for a contract Procurement Outreach Center which opened for business in January 1987 with two consultants and an operating budget of $90,000 per year (see contract, Appendix B).

By the fall of 1987, the procurement center's growth pains had subsided and the program was meeting the expectations of its funding agency and the college administration. This allowed the college administration to turn its attention to the pursuit and start-up of a broader agenda for economic development as represented by this model program report. In large part this report represents a survey of potential economic development activities, a study of their possibilities for interaction, and a prioritization for the integration of additional activities into the overall economic development initiative.

In November 1987 the procurement center, with increased funding for an additional year of operation, added a third bid consultant to its staff. This allowed an exponential progression in the services offered to the program's clients and a commensurate impact on contracts awarded.

Also, in November 1987, the BID Center hired a full-time economic developer with a proven track record in obtaining public financing for new business start-ups. In a relatively short time, half a dozen viable business start-ups have completed preliminary work leading to submission under the various state loan programs pending approval of local lending institutions to provide the gap financing needed. Problems encountered in obtaining this gap financing must be overcome for this portion of the program to realize its goals.

The next piece to the puzzle was added in January 1988 when the Small Business Development Center's full-time director was hired. Early indications are that this program will be fully integrated into the BID Center organization by the early summer of 1988. Thus, it is now time to identify and propose the next building blocks to be added to this successful program. (See Section V.)

IV D 1. PROCUREMENT OUTREACH CENTER

The procurement outreach program of the Business and Industrial Development (BID) Center provides businesses in a nine-county area with a full range of services designed to assist in obtaining government contracts. The specific services offered by the BID Center are:

OUTLINE OF SERVICES OFFERED BY
BUSINESS AND INDUSTRIAL DEVELOPMENT CENTER
PROCUREMENT OUTREACH PROGRAM

I. Identify Bid Opportunities

   A. Identify government entities (2,000) which contract to buy client's specific goods or services in desired market area.
   B. Provide necessary paperwork and assistance to get client on solicitation mailing lists for entities identified in A above.
   C. Review Commerce Business Daily for bid opportunities in client's Federal Supply Classification code (over $25,000 contracts).
   D. Monitor bid opportunities at major government purchase centers in immediate area.
   E. Identify subcontracting opportunities with prime government contractors.
   F. Monitor under $25,000 contract opportunities with DCSC, DGSC, or DISC thru the Defense Automated Bidders Service.

II. Advise proper procedure to request bid packets for opportunities identified in I above which client desires to pursue.

III. Assist in Bid Preparation

   A. Access to military, federal, and industrial specifications and standards.
   B. Access to the Federal Acquisiton Regulations, Government Acquisition Regulations and Defense Acquisition Regulations.
   C. Access to equipment necessary to produce blueprints from aperture cards.
   D. Access to past procurement price history.
   E. Trained personnel to assist in writing the bid proposal.
   F. Use of Costimator System to compute bid price.

IV. Access to the faculty and facilities of Northeast Texas Community College to train workers in job skills necessitated by a contract award.

V. Other Services

   A. Provide direction in establishing contractor quality control program.
   B. Provide information regarding bonding companies and requirements.
   C. Conduct special training seminars as client's needs require.
   D. Haystack computerized database for NSN identification, source of supply research, "instant" technical characteristics, parametric searches, etc.

Due to the $100,000 in funding provided by the Ark-Tex Private Industry Council, these services are available essentially free of charge with clients reimbursing the center only for postage, long-distance phone calls, and Xerox copies.

As of June 1, 1988, the statistical accomplishments of the procurement center are as follows:

CLIENT STATUS REPORT
June 1, 1988

	Current Month	Cumulative Total
Number of Clients	+10, -2	111
Number of CBD Leads	306	5,917
Direct Hires	4	24

Jobs Retained	8	41
Bids Submitted	31	345
Awards	(9) $506,926	(59) $2,393,114

75 percent of 109 (69 percent) clients received at least one lead during month of May.

Just after the center was opened, most new clients were obtained by the following methods:

- in response to newspaper articles announcing the center's availability and detailing its purpose

- direct mail solicitation of wholesalers and manufacturers listed in the "yellow pages" or on Chamber of Commerce membership rosters

- Speeches made to local civic organizations and clubs

In general the clients obtained via these methods were very small, insufficiently sophisticated to adapt to the complex environment required and too far removed from the manufacturing level to be cost competitive. Many of the companies were on the verge of failure, and the concept of government contracting was a last straw to grasp on their way down. Many of these firms quickly became disenchanted and dropped from the program.

The procurement center's success story really began only when it reversed its client recruitment strategy. Instead of serving those clients who sought out the BID Center, the center began selectively targeting companies who had sufficient size, sophistication, and previous experience in the public sector market. Frequently, this second generation of clients were approached when the center's bid consultants had identified a suitable contract opportunity in the Commerce Business Daily.

Having this tangible evidence in hand during the first meeting with company officials has resulted in almost a 100 percent sign-up rate. Although new centers may be obligated to go through the stage of recruiting clients through newspaper publicity, direct mail, and speech making, they should realize that the best advice they could give some companies is to direct their energies to the pursuit of private sector markets.

A second lesson learned during the start-up phase of the procurement center operation was in the area of personnel. Although any reasonable bright business school graduate should be able to learn his way through the paperwork maze of government contracting, very few centers in Texas have a manufacturing oriented staff member. The BID Center's program has succeeded in large part because of the blend of talents of its staff and its assignment of responsibilities to best utilize those talents:

1) Staff #1: Program director - finance and economics degree, previous management experience.

Principal Responsibilities: management, planning, reporting, budget control, public speaking, communications, organizational liaison, identification of bid opportunities

2) Staff #2: Bid consultant - manufacturing background in machine shop environment; has been a successful government contractor

Principal Responsibilities: client recruitment, assisting in bid preparation, manufacturing consultant, identification of bid opportunities

3) Staff #3: Bid consultant/secretary - background as highly recommended office secretary

Principal Responsibilities: Conducts all market research orientations with client, maintains military specification/standards library, operates computerized Haystack and Syslins services, secretarial support

Each of these staff members provides a critical area of expertise to the program. Exclusion of any one of these areas from the center's operation would seriously compromise the success of its program.

Further information on the procurement center appears on its marketing brochure in Appendix Y.

IV D 2. SBDC - VOLUNTEER COUNSELORS

The Small Business Development Center (SBDC) program is a major business development program of the U.S. Small Business Administration (SBA). The SBDC operates under the general management and oversight of the SBA. The SBDC located at Northeast Texas Community College is actually a subcenter of the Northeast Texas Small Business Development Center located in Dallas, Texas. The Northeast Texas SBDC is part of the Business and Professional Institute of the Dallas County Community College District which is the recipient of the grant from the SBA that funds the Northeast Texas SBDC's activities in its 42-county area. The Northeast Texas SBDC, which functions as the regional network administrator, has ten subcenters in the region which deliver SBDC services. The NTCC subcenter's services are available to owner/managers in Camp, Franklin, Morris, and Titus Counties and other counties in Northeast Texas upon request.

The Northeast Texas SBDC received a $1.134 million award from the SBA in 1987 to operate the program for the period from September 30, 1987, through September 30, 1988. In December 1987 the NTCC subcenter was granted a $37,190 award to fund the start-up and first year's operation with another $37,190 to be provided by NTCC in matched funds (see grant proposal, Appendix A).

The subcenter officially opened for business in November 1987 with an acting SBDC director. The full-time director was hired in January 1988 to organize the subcenter, recruit volunteer counselors, and coordinate the delivery of the SBDC services. The new director continued the subcenter's ongoing counseling and training activities and initiated an outreach program through area media coverage and personal visits to explain and promote the subcenter's services. Policy and procedures for the subcenter were established using the guidelines for counseling services provided by the network administrator.

The subcenter's "one-stop" assistance approach to small businesses is coordinated by the subcenter director and provided through one-on-one counseling sessions, education and training programs, and sharing of resource information and materials. The professional management counseling services and resource information are provided free to the small business community. Education and training, which include seminars, conferences, and workshops, are offered either free or at low cost.

The subcenter director is responsible for recruiting volunteer counselors to assist in the delivery of the subcenter's services. Qualified individuals are recruited from the private sector, college faculty, Chambers of Commerce, public officials, SCORE (Service Corps of Retired Executives), and other volunteer associations (e.g., AARP) to provide expert counseling and instruction on specific and varied business topics. Education and training programs range from introductory topics for those planning to start a business to more advanced seminars (e.g., accounting, marketing, government procurement, and exporting) for the experienced small business owner. In addition to offering public programs, the subcenter works with businesses to develop and conduct specialized programs tailored to their specific needs.

The subcenter's experience through the first five months of operation has been typical of most start-up businesses--there have been some successes and a few problems. Overall, the subcenter's experience has been satisfactory. Through April 1988, 63 businesses and individuals have requested counseling; and 81 counseling sessions, totaling 182 counseling hours, have been performed. The subcenter has recruited eight volunteer counselors plus the subcenter director who provide the counseling services. Six training programs have been offered for a total of 40 training hours, and 149 individuals representing 76 businesses have attended the sessions.

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Those training sessions conducted to date include:

1. Immigration Seminar for Employers - 60 attendants
2. Retail Promotion Strategies - 18 attendants
3. Conducting an Effective (and Legal) Job Interview - 11 attendants
4. Making the Most of Your Advertising Dollar - 21 attendants
5. Bookkeeping for Small Businesses - 19 attendants
6. Telephone Techniques for Successful Small Businesses - 20 attendants

Many SBDC clients seek assistance due to their participation in the procurement outreach program of the BID Center or due to their interest in public financing programs. Locating the SBDC effort in the midst of these other economic development initiatives has been of mutual benefit to each of the separate programs as well as to the clients themselves.

IV D 3. TEXAS CAPITAL FUND APPLICATIONS

Financial assistance to small businesses and communities in Northeast Texas through the Texas Capital Fund (TCF) Program under the Texas Department of Commerce began at NTCC in December 1987 with the employment of a professional economic developer. Three TCF applications prepared by the economic developer had been previously approved and were being administered by the economic developer. Two of the three projects were in operation, and the third project was in the start-up phase.

At least ten projects were given serious consideration from the two dozen inquiries received by the economic development staff from December 1987 through April 30, 1988. Every project reviewed by the staff had two common problems: lack of a business plan and adequate owner's equity. If a project appeared viable, the business owner was referred to the SBDC for business plan preparation assistance, and every effort was made to obtain the required private financing. When these two elements of the application process were achieved, the project had a much greater probability of approval at the state level.

The status of the ten projects reviewed during the referenced five-month period indicates the difficultly of the TCF approval process. One project was carried through the application preparation process and had received approval from the community officials; however, the business owner was unable to obtain the required private lender/investor participant. Another project was referred to a Tyler, Texas, financial consultant after the business owner decided not to relocate his manufacturing operation from Cherokee to Morris County. A third project was referred to an SBA loan packager in Greenville, Texas, because the project failed to meet the TCF guidelines. Four projects were unable to complete the application process for various reasons. Three projects on May 1, 1988, were still active. No new inquiries have been received by the economic development staff in the past 30 days.

Effective in February 1988, applicants who desire the assistance of the economic development staff with the preparation of a TCF application are subject to a $400 application fee, reimbursement of long-distance telephone calls and $.21 per mile for travel. The initial counseling session is free of charge. Once a decision is made to prepare an application, the applicant must sign a Request for Service form and pay the $400 fee prior to commencement of work. Applicants within the four-county SBDC service delivery area are not subject to the fees.

This program will extend beyond the June 30 Coordinating Board grant expiration date through the efforts of the Small Business Development Center. The effectiveness of this program could be significantly enhanced by the adoption of the recommendations which appear in IX A 2 of this report.

IV D 4. FROZEN FOOD PROCESSING PLANT

The idea for a frozen food processing and marketing facility for fruits and vegetables in the central region of Northeast Texas first materialized in early 1987 as a concept expressed to Jim Hightower, commissioner of the Texas Department of Agriculture (TDA), in a letter from Joe Dan Coe, president of Franklin National Bank, Mt. Vernon, Texas. In response to Mr. Coe's letter, a direct wholesaling specialist with the TDA expressed an interest in continuing discussion on this aspect of agribusiness and pointed out that actual development of such projects usually resulted from efforts of local interests. The frozen food processing plant effort was developed further as additional community leaders and representatives of TDA and the Texas Agricultural Extensions Service joined the project during subsequent months. NTCC entered the picture in January of 1988 when its services were requested to obtain assistance in applying for funds to conduct a feasibility study for the proposed processing and marketing operation. The result of this request was a grant proposal submitted to the Texas Higher Education Research Coordinating Board by Dr. James Tollett, Coordinator of Agriculture and Lifelong Learning, NTCC, in early 1988. Unfortunately, funding sought by the grant proposal was not approved. This event prompted project leaders to review their previous efforts and options for the project's future.

Meetings in May and June of 1988 contributed greatly to the project's future direction. First, additional assistance from TDA's Texas Agricultural Diversification Program, authorized by House Bill 49 in November 1987, was considered as a possible alternative funding source for the feasibility study. Second, NTCC's role in the project's future was established as a coordinating agency for implementing strategic objectives formulated by the newly formed Northeast Texas Regional Agricultural Development Committee (NTRADC). Also, NTCC assigned a staff member to the project. His responsibility will be to work with recommendations of NTRADC to fulfill its mission. Finally, expansion of the project's scope to a regional scale emerged from the meetings. Critical groundwork was completed during May to develop a strategy for producing a feasibility study for the frozen food processing and marketing facility. (See minutes of meeting, Appendix C.)

Three reasons stand out for the lack of progress in pursuit of this idea.

(1) lack of funds to conduct a feasibility study
(2) lack of a structured, organized approach to the project
(3) inability to dedicate a person full time to the pursuit of the project's objectives.

NTCC is attempting to overcome each of these problems. As shown in the minutes of the May meeting, a strategic planning approach and specific task assignment are now an integral part of the process. NTCC has hired a graduate student in economic development to work exclusively on this project through the summer (funded thru June 30 under this grant and thereafter by community donations).

The objective is, by the end of this summer, to have compiled a majority of the data and supporting materials necessary to complete a feasibility study on this project. The outline which will guide the research to support the feasibility study appears below:

FEASIBILITY STUDY OUTLINE

I. Introduction

II. Market Analysis

  A. Frozen Food Industry
  B. Potential Target Markets
  C. Competitor Evaluation
  D. Market Values and Prices of Processed Products
  E. Potential Market Channels
  F. Seasonality of Sales
  G. Trends
  H. Sales Forecast

III. Crop Production Analysis

- A. Commercial Crop Production in Northeast Texas
- B. Potential Crop Production in Northeast Texas
- C. Comparison of Economic Return Between Current and Proposed Land Uses
- D. Unique and Specialty Crops
- E. Transportation Cost

IV. Technical Analysis

- A. Flow Process
- B. Plant Capacity
- C. Plant Site and Layout
- D. Raw Material Requirements
- E. Facility and Equipment Requirements
- F. Labor Requirements
- G. Labor Supply
- H. Packaging
- I. Waste Treatment

V. Financial Analysis

- A. Facility Cost
- B. Project Financing
  - 1. Equity Requirements
  - 2. Capital Availability
  - 3. Economic Incentives
- C. Production Costs
- D. General and Administrative Expenses
  - 1. Amortization Schedules
  - 2. Depreciation Schedules
  - 3. Taxes
- E. Pro Forma
- F. Miscellaneous

VI. Summary/Conclusions

IV D 5. COMMERCIAL/INDUSTRIAL REAL ESTATE REFERRAL SYSTEM

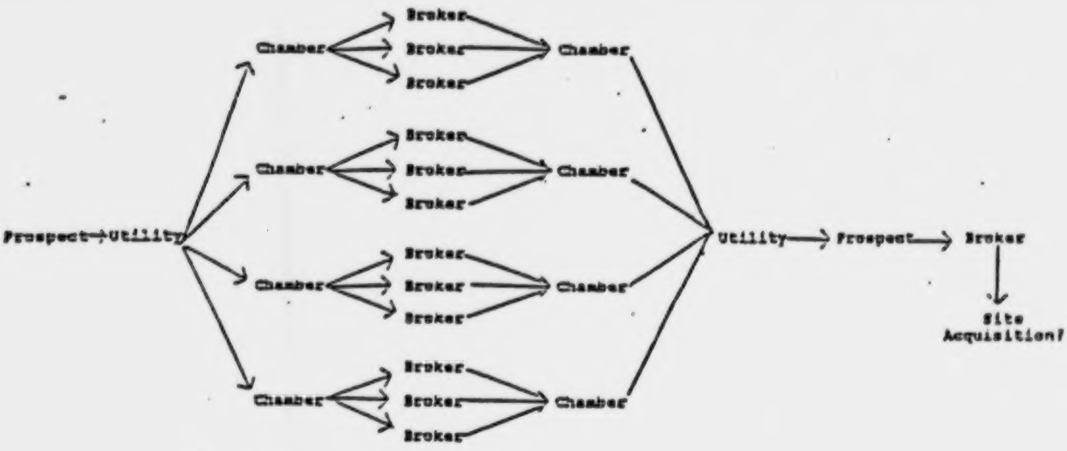
One major selling point to attract new industry to the Northeast Texas area is an abundance of vacant commercial properties, many of which are for sale at prices substantially below their market value only three or four years ago. However, because of the decentralized nature of the real estate industry in this area, there currently exists no single point of contact for industrial/commercial prospects desirous of obtaining information.

Unlike more urbanized parts of Texas, rural Northeast Texas' real estate brokers are not organized into Multiple Listing Service type arrangements, whereby each broker contributes data on listed properties into an information system accessible to all other brokers. This type system would allow an industrial/commercial prospect to cover many different brokers' listings over a broad geographic area with a single contact. In today's competitive environment for business recruitment, a centralized listing referral service may enhance the prospects of landing new industry in the Northeast Texas region.

The Business and Industrial Development Center has proposed to fill this information void. A letter was sent (see Appendix D) to over 250 licensed real estate brokers in Titus, Morris, Camp, Cass, Upshur, and Franklin Counties explaining the advantages of a referral system to economic development. The letter emphasized that mandatory co-brokerage was not a part of our proposal nor would fees be collected by the BID Center.
Eighteen affirmative responses (7.2 percent) and only three negative responses were received. Based on the fact that many of the 18 were brokers who were dominant in their market area and that the short-term objective was to set up only a pilot program, a meeting was called (see Appendix D) to solicit input from the brokers on the design and operation of the referral system.

At this meeting the BID Center staff described in detail the current system of information flow to a relocation prospect regarding potential sites. A simplified version of a proposed system utilizing the resources of the BID Center to collect data on potential sites was likewise presented.

CURRENT SYSTEM


Prospect
Utility
Chamber
Broker
Broker
Broker
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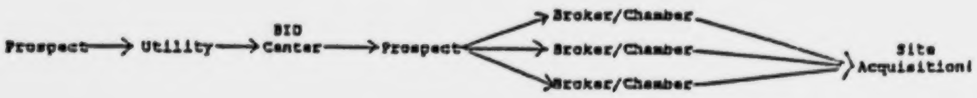
Broker
Broker
Broker
Chamber
Utility
Prospect
Broker
Site Acquisition!

PROPOSED SYSTEM


Prospect
Utility
BID Center
Prospect
Broker/Chamber
Broker/Chamber
Broker/Chamber
Site Acquisition!

The brokers were unanimous in their support for the proposed referral system. All of those present committed to participate as an advisory board to the project and to help sell the concept to other brokers in their area. Furthermore, commitments were received to assist in the design of forms appropriate for the collection of site characteristic data.

The participants also reviewed a list of steps necessary to activate the data referral system. This list appears on the next page.

STEPS TO ACTIVATE DATA REFERRAL SYSTEM
FOR
COMMERCIAL/INDUSTRIAL REAL ESTATE

1. Establish advisory committee of area real estate brokers.
2. Define geographic service area - Start small and grow to regional concept (larger area will attract more prospects into the system).
3. Draft a clear statement of the program's intent. Describe the BID Center's role and pledge of neutrality. No fees are to be charged in the first year of operation. In second year, a small processing fee will be charged to list property with the system (must eventually become self-supporting).
4. Design forms for information flow through the system. Broker input is vital.
5. Acquire computer hardware (accomplished: IBM PC/AT with 30 MB hard disk).
6. Develop computer software. Write software to select site by
    a. Geographic preference - county or town
    b. Size - minimum/maximum acreage
    c. Building - type and/or size
    d. Access - interstate, state highway, paved farm road
    e. Rail - Yes or No
    f. Gas - Yes or No
    g. Water - Yes or No
    h. Other?
7. Solicit participation of brokers and industrial foundations.
    a. By mail
    b. Board of realtor programs
    c. Personal solicitations
    d. News media
8. Identify personnel resources to operate and maintain system.

The only concern expressed during this meeting was whether the utility companies, that currently are the principal point of first contact for an industrial prospect, would utilize the system. It was agreed that the system's utility would be tied directly to the answer to this question.

Thus, an outline of the proposed system was presented to representatives of Southwestern Electric Power Company, Texas-New Mexico Power Company, and Southwestern Bell Telephone Company. All were in agreement that the referral system would enhance the possibility of successful recruitment of new industry. All three company representatives also indicated that they would definitely take advantage of such a system.

The concern expressed by the utility companies dealt with overlapping geographic boundaries and prospect confidentiality. While protection of the identity of the prospect is a manageable problem, dealing with the competitive interests of the various utility companies is an area where further work is needed.

In order to maintain the integrity of the system, only those properties listed by a licensed broker (under at least an exclusive agency listing) or owned by an industrial foundation will be included in the database. This is necessary in order to have a firm and binding commitment from a seller to specific terms of sale. It will also give participating brokers an argument to use in getting an available site listed for sale.

A request has been made to the Texas Higher Education Coordinating Board for funds to make this system operational.

IV D 6. ADVISORY COMMITTEE FOR SELF-EMPLOYMENT OPPORTUNITIES

Purpose

The role of the Advisory Committee for Self-Employment Opportunities is to gather a group of individuals with both the formal education and practical experience necessary to evaluate and make recommendations on a new business prospect or idea. Not only should this group be able to make evaluations, it should also be qualified to make specific recommendations as to what to do or where to go for help. In addition to its role as mentor to fledgling or ailing businesses, the committee should serve as a "Think Tank" for ideas on economic development

Requirements

1. Have an investment in this area (preferably in both time and money).

2. Have expertise in business, accounting, legal, financial, management, preferably self-employed.

3. Obtain sources of contacts.
   Example: Buyer, subout contracts, etc.

4. Be from the geographic area.

5. Have discretionary time to give to project. Be willing to meet perhaps 1/mo.

6. Make a commitment to keep information confidential.

7. Be willing to serve as a volunteer.

8. Seek entrepreneurs and professionals who can support and advise.

Functions

1. Attend meetings as needed (no more than once per month).

2. Assist people wanting to start new businesses by

   a. Giving a critique of their proposals or ideas.
   b. Giving advice or information.
   c. Referring to right person for help.

3. Assist existing small businesses with problems by

   a. Giving advice or information.
   b. Referring to the correct specialist.

4. Identify ideas and opportunities for creating new businesses and expanding existing ones.

5. Serve as "Think Tank" or "Catalyst" for Economic Development of the area.

Operation at NTCC

Members of the Advisory Committee for Self-Employment Opportunities have met with various individuals to evaluate several possible business ventures. These ideas were evaluated, and specific recommendations were made to help the individuals in their pursuit of starting a new business.

In addition, the committee has met twice as a group. The first meeting on April 13, 1988, was strictly for organizational purposes. The second meeting was held on April 24, 1988, to evaluate the various components of an economic development effort and which of these would be appropriate for NTCC to pursue at this time. Each of these components were discussed and rated in order of relative importance or ability to accomplish here at the college.

Program Prioritization
Economic Development Subcommittee

Please assess the below listed components of an economic development effort according to this scale:

5	4	3	2	1
EXPAND Program Implement ASAP Essential for CC Involvement		Maintain Program Implement Someday Appropriate Use of CC Resources		Discontinue Program Do not implement Inappropriate Use of CC Resources

0 - Don't know enough about program to assess

PROGRAM	AVERAGE COMMITTEE RATING
Procurement Outreach Center	4.6
Small Business Development Center (SBDC)	5.0
Business Incubator	2.0
Certified Development Company (CDC)	3.0
Economic Development District (EDD)	2.4
Venture Capital Exchange (VCE)	4.6
Small Business Institute (SBI)	1.4
Main Street Program	1.0
Community College Based Education and Training Programs	5.0
Industrial Development Authority	0
Small Business Administration Loan Programs	4.4
Other Loan Programs	4.4
Texas Capital Fund Applications	4.6
SCORE/ACE	5.0
International Trade	1.8
Job Training Partnership Act (JTPA)	5.0
Rapid Response Recruitment Team	4.6
Certificate Program in Small Business Management	4.4

Business Needs Survey and Community Evaluation 4.6

Resource and Research Center for Technology Transfer 4.8

Committee Members

Gary Willeford - Investor, entrepreneur, prior experience in fast food business, vending and electronics industry

Bill Boothe - Economic Development, Southwestern Bell Telephone Company

Jim Davis - Program Director, Business and Industrial Development Center

Dr. John Moss - President, East Texas State University

Gib Blackman - Director of Small Business Development Center, NTCC, prior experience in banking

Steve Harris - Ark-Tex Council of Governments - Economic development

Toby Abney - Southwestern Electric Power Company - Industrial recruitment

Deanna Scott - Legislative Aide, State Senator Richard Anderson

Dr. Ron Cowan - County Judge, Morris County

Stan Adamson - Director of Lifelong Learning, Northeast Texas Community College

Ned Muse - City manager, Pittsburg, Texas

Dr. Calvin Vanlandingham - Pittsburg Main Street Director

IV D 7. TRAINING PROGRAMS

One of the strongest components of the NTCC economic development efforts is its customized training programs for business and industry. The college began serving business and industry groups early in its existence and has continued with ongoing programs. Training includes both traditional college-credit classes and short-term customized noncredit classes.

While many business-related programs are offered on a regular basis, specialized courses also are offered for new businesses or existing ones to update and to improve the skills and knowledge of workers. Examples of these various types of programs follow:

1. Employability Enhancement Program - Lone Star Steel Company

In 1984-1985 one of the major employers in the college's service area, Lone Star Steel Company, laid off over 4,500 people. Unemployment rose to more than 45 percent in the Morris County area where the plant was located. Northeast Texas Community College sprang into action, offering an employability enhancement workshop for hundreds of people. This project was aided by funding secured by the Northeast Texas Private Industry Council in conjunction with the Ark-Tex Council of Governments. The critical funds were provided by the U.S. Department of Labor via the Federal Job Training Partnership Act and the Texas Department of Community Affairs. NTCC provided formal classes for the displaced workers that covered the following topics: (1) personal goal setting, (2) time management, (3) effective communication, (4) resume writing, (5) interviewing, and (6) job exploration and search.

When the student completed his/her formal course, he/she was equipped with a professional resume and cover letter along with enhanced interviewing skills. At this point the Texas Employment Commission helped the workers in matching their skills to appropriate job openings in the state.

Many of these people realized their need for more extensive retraining and education and pursued other college courses. Another valuable part of this program was the enhancement of the former employees' self-confidence. This particular program served as a good example of local, state, and federal agencies cooperating in order to meet the needs of their constituents.

2. Customized Training for New Industry - Cheetah Manufacturing Company

On December 17, 1986, officials of Cheetah Manufacturing Company requested employee training assistance for 97 workers. The new company specialized in assembling circuit boards for electronic games and other applications. Due to contract delivery demands, the new company's employees needed intensive training completed by the middle of January 1987.

After lengthy discussions with corporate management, it was determined that the employees would undergo 80 hours of specialized training to prepare them for the challenges of their jobs. Teachers were identified and specialized classes were designed over the Christmas holidays so that classes could begin the first week of January. During the first week all employees were presented with a 20-hour course entitled Basic Electronic Component Identification and a 20-hour Basic Soldering course.

The second week of the training program was composed of many smaller classes in order to train the employees in skills directly related to their specific jobs. Courses included the following: (1) An Overview of Microcomputers, (2) Supervisory Management, (3) Advanced Computer-Aided Drafting, (4) Office Procedures, (5) Office Utilization of Microcomputers, and (6) Statistical Process Control. By taking advantage of the numerous training and organizational resources available at Northeast Texas Community College, Cheetah Manufacturing Company was able to begin its production operations with people whose skills had been greatly enhanced since their employment by the firm.

Customized Training for New Industry - Mid-State Tile Company

In the fall of 1987, Mid-State Tile, a Mannington Mills Company, opened a new plant in Mt. Vernon, Texas. Most of the plant's employees were hired from the local labor market. The company, a manufacturer of quality ceramic tile, felt that their supervisors needed some specialized training with regard to interviewing techniques and safety standards.

After discussions of the company's needs, Northeast Texas Community College provided workshops designed to meet specific objectives of the new plant. A seminar entitled "Conducting an Effective and Legal Job Interview" was designed for their supervisory personnel who would interview job applicants. A second course was also designed to help the firm in setting up a reporting procedure to ensure compliance with the Texas Hazard Communications Act. This act mandated the notification of all employees concerning any hazardous chemicals present in their working environment. In addition to a customized course which covered the requirements of the act, NTCC provided up to five hours of on-site consulting to aid in setting up the company's reporting system.

3. Customized Training for Existing Industry - Lone Star Steel Company

In January 1988, Lone Star Steel Company set out to assure that all their salaried employees would be microcomputer literate by the end of 1988. They felt that this action was crucial in order to compete in the globally competitive steel industry.

Since the company had over 500 people who needed training in their rural East Texas facilities, Lone Star Steel Company began working with NTCC to meet the challenge of providing

> necessary training and education to its employees. Within one month a specialized credit class had been designed to teach the employees computer literacy, the disk operating system (DOS), a word processing package (Multi Mate Advantage), and a spreadsheet (Lotus 1-2-3). All the software applications were those currently in use within the company. In addition, a qualified teacher was hired and a modern lab with 20 PCs was established at the plant site. NTCC began classes at the Lone Star lab during the first week of March 1988. One hundred and twenty-five students enrolled in a total of seven sections of Introduction to Microcomputers. Two more semesters have been planned for the remainder of the year. This program is a major step in meeting Lone Star's goal of computer literacy in 1988.

After a review of these examples of industry training, it is apparent that NTCC is both capable and excited about meeting the training needs of Northeast Texas business and industry.

IV D 8. SMALL BUSINESS AND COMMUNITY LEADERSHIP REFERENCE LIBRARY

A reference library to meet the most commonly expressed needs of the small business owner/manager and of community leaders involved in economic development has been assembled and is located in the Business and Industrial Development Center at Northeast Texas Community College. These materials are distributed or loaned through the SBDC program director.

Although additional materials are added to this collection daily, current titles available or on order include:

1. Anderson, Carol; Lehman, Karen. A Guide to the Possibilities and Pitfalls of Starting a Business as a Low Income Parent, 1984.
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13. Crawford, Sam, et al., Creating Jobs Through Retention, Expansion, and Creation of Local Firms, 1981.

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16. Georgia Institute of Technology, Economic Development Laboratory, Evaluating Economic Development Programs: A Methodology Handbook, 1982.

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27. Lee, V. Wilson, John Hawthorne, Existing Industry: Key to Success in Industrial Development, 1983.

28. Lewis, Eugene, et al., Economic Multipliers: Can a Rural Community Use Them?, 1979.

29. McManis Associates, Inc, Coping With the Loss of a Major Employer: A How-To Manual.

30. Malizia, Emil E, Local Economic Development: A Guide to Practice, 1985.

31. Mandelbaum, Thomas B., Stephen Wood, and Bruce Weber, Sectoral Output Multipliers for Rural Counties, 1984.

32. MDC, Inc, Facilitator's Role in Collaborative Rural Development: The North Carolina Rural Employment Laboratory, 1981.

33. NATaT, National Center for Small Communities, Harvesting Hometown Jobs: A Small-Town Guide to Local Economic Development, 1985.

34. National Alliance of Business, The Job Training Partnership Act: The Business/Government Partnership That Works, 1986.

35. National Alliance of Business, SRI International, The Employment/Economic Development Connection: New Tools, New Roles, New Directions: A Guidebook, 1984.

36. National Council for Urban Economic Development, Small City Economic Development: Professional Development Program, 1984.

37. Nebraska Department of Economic Development, Do It!: The Nebraska Community Action Handbook: A Guide for Local Economic Development.

38. North Dakota Economic Development Commission, A Guide to the Organization of a Local Development Corporation.

39. North Central Regional Center for Rural Development, Iowa State University, Proceedings of the Community Economic Development Strategies Conference, March 1-3, Omaha, Nebraska, 1983.

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51. U.S. Small Business Administration, Business Basics Series. Office of Business Development, SBA 115B, 1987.

52. U.S. Small Business Administration Business Development Documents, Financial Management and Analysis Series. Office of Business Development, SBA 115A, 1987.

53. U.S. Small Business Administration Business Development Documents, General Management and Planning Series, Office of Business Development, SBA 115A, 1987.

54. U.S. Small Business Administration Business Development Documents, Crime Prevention Series, Office of Business Development, SBA 115A, 1987.

55. U.S. Small Business Administration Business Development Documents, Marketing Series, Office of Business Development, SBA 115A, 1987.

56. U.S. Small Business Administration Business Development Documents, Personnel Management Series, Office of Business Development, SBA 115A, 1987.

57. U.S. Small Business Administration Business Development Documents, New Products/Ideas/Inventions Series, Office of Business Development, SBA 115A, 1987.

58. U.S. Small Business Administration Business Development Documents, Home Businesses, Office Of Business Development, SBA 115A, 1987.

59. U.S. Small Business Administration, Buying and Selling a Small Business, Office of Business Development, SBA 115B, 1987.

60. U.S. Small Business Administration, Managing for Profits, Office of Business Development, SBA 115B, 1987.

61. U.S. Small Business Administration, Small Business Management Series, Office of Business Development, SBA 115B, 1987.

62. U.S. Small Business Administration, Starting and Managing Series, Office of Business Development, SBA 115B, 1987.

63. U.S. Small Business Administration, U.S. Government Purchasing and Sales Directory, Office of Business Development, SBA 115B, 1987.

64. U.S. Small Business Administration, Women Business Owners: Selling to the Federal Government, Office of Business Development, SBA 115B, 1987.

65. Stone, Paul S, Economic Growth in North Carolina's Future, 1983.

66. Tennessee Valley Authority, REDARK Symposium on Economic Development Leadership: Symposium Workbook for Registrants, 1986.

67. Bankers Digest, Inc., Texas Banking Red Book, 1987-88 Edition.

68. USDA, Foreign Agricultural Service, Commodity and Market Programs, Basic Requirements for Establishing Export Trading Companies, 1982.

69. USDA, Office of Rural Development Policy, Rural Resources Guide: A Directory of Public and Private Assistance for Small Communities, 1984.

70. U.S. Small Business Administration, Office of Private Sector Initiatives, Incubators for Small Business, 1986.

71. U.S. Small Business Administration, Office of Private Sector Initiatives, Incubator Times.

72. U.S. Small Business Administration, Small Business Incubators: Resource Summary, 1984.

73. University of Tennessee, Agricultural Extension Service, Getting Started in the Recreation and Tourism Business.

74. The Wall Street Journal, Small Business: A Special Report, 1986.

75. Weinberg, Mark, Business Incubator Development in Rural Areas.

76. Western Development Center, Small Town Strategy Series, 1982.

77. Williams, Judith B., and Howard Wise (eds.), Main Street Ohio: Opportunities for Bringing People Back Downtown, 1986.

Additionally, the BID Center has all federal military specifications and standards and acquisition regulations on microfiche. The center is on line with the Haystack system offered by Ziff-Davis Company. Haystack contains technical characteristics and past procurement history on 12 million products in the Federal Supply Classification System.

The center also is able to draw from the resources of the library at Northeast Texas Community College. This library contains approximately 1,000 volumes in the fields of business and economics. The library subscribes to 30 frequently read business periodicals. Books and articles that are not a part of the Learning Resource Center (LRC) collection can be obtained on interlibrary loan through an international network of over 8,000 libraries. Examples of some of the important business reference works available at NTCC include:

1. Bond, Robert E., Source Book of Franchise Opportunities, Dow Jones-Irwin, Homewood, Illinois, 1985.

2. Currier, Chet, *Investor's Encyclopedia*, R. Watts, New York, 1985.

3. Daniells, Lorna M., *Business Information Sources*, rev. ed., University of California Press, Berkeley, 1985.

4. Delaney, Robert V., *How to Prepare an Effective Business Plan*, American Management Association, New York, 1986.

5. *Directory of Texas Manufacturers*, Bureau of Business Research, University of Texas, Austin.

6. Dumouchel, J. Robert, *Government Assistance Almanac, 1985-86*, Foggy Bottom Publications, Washington, D.C., 1985.

7. Fallon, William K. (ed.), *AMA Management Handbook*, American Management Association, New York, 1983.

8. Genly, John (ed.), *Small Business Sourcebook*, Gale Research Co., Detroit, 1983.

9. Green, Thomas (ed.), *Glossary of Insurance Terms*, Merritt, Santa Monica, California, 1980.

10. Healey, Mary, *Complete Portfolio of Tests for Hiring Office Personnel,* Asher-Gallant Press, Westbury, New York, 1986.

11. Heyel, Carl, *Encyclopedia of Management*, 3d ed., Van Nostrand Reinhold, New York, 1982.

12. Hodgson, Richard S., *Dartnell Direct Mail and Mail Order Handbook*, Dartnell Corporation, Chicago, 1974.

13. Kostecka, Andrew (comp.), *Franchise Opportunities Handbook*, U.S. Department of Commerce, Washington, D.C., 1985.

14. Kurian, George, *What's What in American Business*, Probus Publishing Company, Chicago, 1986.

15. *McGraw-Hill Dictionary of Modern Economics: A Handbook of Terms and Organizations*, McGraw-Hill, New York, 1983.

16. Nash, Edward T. (ed.), *Direct Marketing Handbook*, McGraw-Hill, New York, 1984.

17. Nystrom, Paul C. (ed.), *Handbook of Organizational Design*, Oxford University Press, New York, 1981.

18. O'Hara, Frederick, *Handbook of U.S. Economic and Financial Indicators*, Greenwood Press, Westport, Connecticut, 1985.

19. Sinclair, Stuart W., Third World Economic Handbook, Euromonitor Publications, London, 1982.

20. Standard and Poor's Corporation, Standard and Poor's Register of Corporations, Directors and Executives, Standard and Poor's Corporation, New York.

21. Statistical Abstract of the United States, 1987, U.S. Department of Commerce, Bureau of the Census, Washington, D.C., 1986.

22. Sweeny, H. W. Allen (ed.), Handbook of Budgeting, Wiley, New York, 1981.

23. Texas Fact Book, Bureau of Business Research, University of Texas, Austin.

24. U.S. Department of Commerce, 1987 U.S. Industrial Outlook, Washington, D.C., 1987.

These library resources are an excellent argument in favor of utilizing the college system to host business assistance centers. Space and monetary considerations would prohibit almost every other organization from collecting such an extensive library of information for use by the business owner/manager.

A proposal has been submitted to the Texas Higher Education Coordinating Board for funding to access the NASA-STAC system which incorporates 1,400 different databases applicable to business and technology.

The addition of this system to the existing resources described above would constitute a powerful tool to use in providing technical assistance to the businesses in Northeast Texas.

V. PRIORITIES FOR EXPANSION OF THE SERVICES OFFERED BY THE BUSINESS AND INDUSTRIAL DEVELOPMENT CENTER

V. PRIORITIES FOR EXPANSION OF THE BID CENTER

The advisory committee for this project, having reviewed the literature and staff reports contained herein, has recommended the following priorities to address the economic development needs of the Northeast Texas area. The emphasis in drafting these recommendations has been to focus on those programs which meet the needs of the region, which can be capably performed in the community college environment and which would not be duplicative of programs ahead in existence. The below-described new initiatives form the basis of the 1988-89 program year funding request from Northeast Texas Community College to the Texas Higher Education Coordinating Board.

* Form a Venture Capital Exchange to introduce investors and entrepreneurs. Hold at least two meetings in next year.
* Sponsor the formation of a SCORE chapter in the Mt. Pleasant area. Match SCORE volunteers with businesses in need of assistance.
* Develop an Industrial Prospect Recruitment Team including management of an information system to locate commercial/industrial real estate suitable to the prospect's specifications.
* Institute a certificate program in small business management designed to accommodate the information needs and schedules of business owners and managers and those with entrepreneurial aspiration.
* Design and conduct a business needs survey which matches material and service requirements with suppliers within the region and which provides feedback to community leaders regarding the business environment in their town to ensure job retention.
* Act as a referral source and clearinghouse for technology and transfer information.
* Search for a donated facility and grant funding for a business incubator.
* Establish an Export Assistance Center through the Texas Department of Commerce.

Additionally, the advisory committee established goals relative to two existing programs of the BID Center. Although the committee has advised the center to search for state funding to continue these successful programs, they are not appropriate projects under the current guidelines for the model program grants of the Coordinating Board.

* Secure funding to maintain current staff and expenditure level of Procurement Outreach Center ($100,000 per year). Assist minimum of 100 clients in obtaining $2,000,000 per year in government contracts.

* Secure funding for local match requirements for Small Business Development Center.

Further explanation of the short-term goals, objectives, and performance measures for the 1988-89 program year appear on the following three pages, excerpted from NTCC's Carl Perkins grant request to the Texas Higher Education Coordinating Board.

TEXAS HIGHER EDUCATION COORDINATING BOARD
GRANT APPLICATION
PROGRAM YEAR 1989
PART B: OPERATIONAL FORMAT

GOALS	OBJECTIVES	PERFORMANCE MEASURES	TIMELINES
I. Assist small business startup and expansion by providing access to capital.	A. Establish a resource center for federal and state sponsored loan programs.	1. Build a reference library containing application materials for SBA 7(a) and 504 loans, Texas Capital Fund, state Revolving Loan Funds and the Farmers Home Administration's Business and Industrial Loan Program.	September 15, 1988
		2. Establish network linkages with administrators of these loan programs.	November 1, 1988
		3. Assist in preparation of an application for funding of at least 2 small businesses.	May 1, 1989
	B. Form a Venture Capital Exchange to introduce investors to entrepreneurs.	1. Identify 10 interested venture capitalists.	October 1, 1988
		2. Prepare 6 entrepreneurs for an oral presentation of their business plan.	November 1, 1988
		3. Hold at least 2 meetings for entrepreneurs to present their business plan to the potential investors.	December 1, 1988 and March 1, 1989
II. Contribute to small business success by providing training information and assistance to owners and managers.	A. Sponsor the formation of a SCORE chapter in Mt. Pleasant (Service Core of Retired Executives).	1. Hold a minimum of 2 meetings to organize the chapter.	February 15, 1989
		2. Co-sponsor 2 seminars for business owners and managers.	May 1, 1989
	B. Institute an instructional program leading to a certificate in small business management designed to accommodate the information needs and schedules of business owners and managers.	1. Conduct a local advisory committee meeting to establish primary needs and interests of small business owners and managers.	October 15, 1988
		2. Develop and publish a curriculum which will constitute the certificate program.	January 1, 1989

TEXAS HIGHER EDUCATION COORDINATING BOARD
GRANT APPLICATION
PROGRAM YEAR 1989
PART B: OPERATIONAL FORMAT

GOALS	OBJECTIVES	PERFORMANCE MEASURES	TIMELINES
		3. Publish and distribute a schedule of classes.	May 30, 1989
	C. Act as a referral source and clearinghouse for technology transfer information.	1. Provide access to data available through NASA's Southern Technology Application Center.	March 30, 1989
		2. Collect detailed information on other technology transfer programs.	January 15, 1989
	D. Establish an Export Assistance Center through the Texas Department of Commerce.	1. Evaluate 20 companys' readiness to export utilizing the CORE interactive software.	May 15, 1989
		2. Organize a library of export assistance materials.	October 1, 1988
		3. Link with TDoC's electronic bulletin board of trade leads and disseminate to client base.	November 1, 1988
		4. Send one staff member through TDoC training on export assistance.	November 1, 1988
III. Increase the success rate of recruitment of new business and industry looking to relocate or expand their operations.	A. Develop an industrial prospect recruitment team.	1. Identify individuals for membership on the team. Obtain their agreement to participate.	September 15, 1988
		2. Conduct a training session for team members on techniques of business recruitment.	November 15, 1988
		3. Establish linkages between team members, utility companies and local community leaders and clearly define role and responsibilities of each component.	December 30, 1988

TEXAS HIGHER EDUCATION COORDINATING BOARD
GRANT APPLICATION
PROGRAM YEAR 1989
PART B: OPERATIONAL FORMAT

GOALS	OBJECTIVES	PERFORMANCE MEASURES	TIMELINES
	B. Make operational the commercial/industrial real estate referral system.	1. Sign participation agreements with 20 real estate brokers.	October 1, 1988
		2. Sign participation agreements with 5 industrial foundations.	October 1, 1988
		3. Obtain formal agreement of utility companies to utilize the system.	October 15, 1988
		4. Develop the paper forms and computer software necessary to operate the system.	December 1, 1988
IV. Maximize business retention.	A. Design and conduct a survey of business attitudes toward their host community.	1. Survey will collect and organize data for businesses in 3 cities in the region. Identify actions to improve business climate in each community.	February 15, 1989
		2. Share confidential results of survey with community leaders. Assist in preparing an action plan to address any identified deficiencies.	May 15, 1989

VI. STATE PROGRAMS WHICH NETWORK COMMUNITY COLLEGES IN THE ECONOMIC DEVELOPMENT EFFORT

VI. STATE PROGRAMS WHICH NETWORK COMMUNITY COLLEGES IN THE ECONOMIC DEVELOPMENT EFFORT AND EXEMPLARY INDIVIDUAL COLLEGE EFFORTS

Introduction

As an integral part of this report, the BID Center undertook a review of the literature relating to state-sponsored networks of business assistance programs and community and junior college initiatives in the field of economic development. The literature indicates that the states of North Carolina, Illinois, and Oregon have done exemplary jobs in terms of state-coordinated efforts in economic development. There have also been some outstanding results obtained by individual community college efforts such as Mid-Florida Research and Business Center, Maricopa County College District in Arizona, Northhampton Area Community College, and Pueblo Business Assistance Network at Pueblo Community College.

Notable for its omission from the literature is any discussion of coordinated statewide economic development initiatives by the state of Texas or by its community and junior college system. In all fairness, initiatives springing from the newly created Texas Department of Commerce have not had ample time to bear fruit nor to work their way into the body of published works. Nevertheless, it seems clear that Texas and its higher education system significantly lag behind the aggressive efforts of others throughout the country.

What gap Texas may have created for itself in terms of timing can yet be closed by instituting the most comprehensive and effective state support system in the U.S. Most of the programs currently in operation neglect critical components of economic development strategy, are underfunded, fail to maximize use of existing resources, or are not truly statewide efforts. Texas can learn from these deficiencies as well as from the successes of these competing programs. While we may not have been the first, we can still be the best.

Adoption of the recommendations for state action (see Section IX A), would be a good first step toward a future in which other researchers would follow the Texas model program for economic development utilizing the community and junior college system.

VI A. NORTH CAROLINA'S EFFORTS IN ECONOMIC DEVELOPMENT

North Carolina is increasingly perceived as the rapidly emerging eastern center for "high-technology" research. It has become one of the most aggressive and successful industrial growth states in the Sun Belt. In a single four-year period, companies from across the country and around the world have agreed to spend more than $8.2 billion to build new plants or expand existing facilities in North Carolina. These companies are expected to supply the state with approximately 121,000 new jobs.

North Carolina's 58 campus Community College System is credited by Governor James B. Hunt Jr. with much of the state's economic development success. Almost all of the state-supported job training is done through the community colleges. There has been a shift in the type of jobs created. Shortages are developing in the higher-paying critical skills such as computer science, drafting, engineering, laser, and machine operations.

Some of the programs in the North Carolina effort include:

(1) Technical skills training which requires keeping facilities up to date, acquiring the latest equipment, and providing programs for training new workers as well as upgrading present workers. Training equipment is supplied by industry and also by the use of state funds.
(2) Prefunding state priority programs in hard-to-fill critical manpower shortage occupations.
(3) Establishment of Cooperative Skill Training Centers to enable colleges greater flexibility to contract with industry for in-plant training.
(4) Educational/industrial leave with pay for up to 12 consecutive weeks, enabling technical faculty to return to industry for upgrade training.
(5) Research Triangle Park was established to attract new high-tech industries (provides land near the college resources and provides assistance through a network of business assistance centers).
(6) Community colleges are part of the new business prospect team. They assure new businesses of their ability and willingness to provide customized skill training.
(7) Participation in a conference series with educators, state officials, and top business and industry leaders to find out what the needs of business and industry are and where they are going in the coming years. Business and industry tell them what is needed, and institutions make sure that the students are taught what they are going to find on the job.

This is a successful, organized statewide effort to involve junior colleges in economic development. The state's efforts have been successful in encouraging business expansion.

VI B. OREGON'S EFFORTS IN ECONOMIC DEVELOPMENT

Oregon had the first community college-based Small Business Development Center network in the United States. They have operated under the philosophy that the small business community must have access to current information, training, resources, and services. SBDCs are operating in all 15 Oregon community colleges.

Twenty-three economic development activities have been identified in the Oregon effort:

* retraining programs
* job placement services
* classroom apprenticeship training
* participation of college staff on industry recruitment teams
* contracting by colleges with industries for technical training
* providing basic skills (reading, math, communication)
* cooperative education programs such as on-the-job training mixed with classroom training
* instructional releases for teachers to work in industry
* customized training programs to industry on site
* skill upgrade training
* training in basic and midlevel management skills
* short courses and workshops for company employees
* conducting research and development as applied to small business operation
* disseminating research results on technical change
* providing business resource libraries
* consultation in export management
* courses in business financial planning
* community training needs assessment
* career and vocational counseling
* prescreening and skill assessment of potential employees
* staff to solicit funds for retraining programs
* participation of college staff on local community development councils
* collecting labor market information

In addition, one-to-one business counseling is provided by college staff through SCORE Chapters, ACE Chapters, and paid professional consultants.

Implications from a study of the Oregon experience indicate that good communication between the colleges and the business community is essential. Both vocational and nonvocational faculty groups should be included in an economic development program. Part-time faculty could be a valuable resource and should be utilized.

This is a successful, organized, statewide effort at the junior college level in economic development.

VI C. ILLINOIS' EFFORT IN ECONOMIC DEVELOPMENT

Illinois' approach to involving its junior colleges in economic development is one which deserves recognition. Its individual successes may or may not be as effective as some others, but the state's method of encouraging economic development efforts via its junior colleges deserves attention.

The state has done more than just be supportive of the economic development effort. It has taken a leadership role. One of the cornerstones of this effort has been state grants of $43,000 to $350,000 to enable each junior college in the state to operate a business center or economic development office. In 1986, $3.5 million in economic development grants resulted in an impressive 17,725 jobs created or retained.

Some features of the Illinois program are that the colleges have the flexibility to respond to local needs. The funds are not competitive, nor do they have a great deal of red tape to interfere with the provision of service. The funds are formula allocated; each district must comply with general rules. The only reports are an annual audit and an activity report.

In addition to its funding support, a full-time economic development position at the Illinois Community College Board was created to help coordinate and promote community college economic development efforts throughout the state.

The statewide economic development efforts include:

1. Customized job training (approximately one-third of effort)
2. Small business/entrepreneurship services (approximately one-third of effort)
3. Industrial attraction and retention
4. Contract procurement assistance
5. Labor-management councils
6. Small business incubators
7. Advanced technology centers
8. Community college economic development associations

The state of Illinois is not the oldest player in economic development, but it is certainly a role model to consider in terms of getting the junior colleges involved.

VI D. THE MID-FLORIDA RESEARCH AND BUSINESS CENTER, DAYTONA BEACH COMMUNITY COLLEGE

The Mid-Florida Research and Business Center is a comprehensive program providing a wide range of research and consulting services to business and government.

Through grants for research projects, the center became more and more involved in the delivery of current demographic and economic data for those involved in decision making and planning for progress in the community.

The center has contributed model programs used by community colleges and local communities throughout the nation in support of economic development. The center also consults with business and government in such areas as management skills, organizational structure, business planning, international trade, and marketing. It conducts research on tourism and a consumer panel survey program.

Through its reputation for providing easy access to valuable information, the center has been asked to accomplish specific studies for public and private clients. It also bids on projects proposed by government agencies. The costs for such studies are determined on a nonprofit basis, considering costs associated with accomplishing the project (including overhead, printing, data processing, etc.).

The center provides, free of charge, access to any of the non-proprietary demographic and economic data collected during the course of implementing its studies. The center has become the source for federal, state, and local governments for current economic data as well as forecasts; and center opinions and data are frequently quoted in the media (local, regional, and national).

The center's entrepreneurship program has been replicated by more than 30 communities.

Research and information services ranging from feasibility studies to market research, labor market studies, and ongoing research and consulting have been furnished to more than 300 clients, national as well as local.

VI E. ECONOMIC DEVELOPMENT EFFORTS OF MARICOPA COUNTY COMMUNITY COLLEGE DISTRICT

Rio Salado Community College has no campus and only five full-time faculty members, but it serves about 20,000 students a year. Rio Salado uses more than 500 part-time faculty members. It conducts classes at sites ranging from high schools to industrial plants.

Although Rio Salado is the least traditional college in Maricopa County College District, the other six colleges and two non-credit "skills centers" all work closely with industry and state and local governments to provide job training programs.

The top demand of industrial leaders is for trained workers, ready to be hired wherever a business is located. Community college leaders accompany government and civic officials on "prospecting missions" to lure new industry; they offer to train the companies' employees.

The community college generally does not charge a business for a program that college officials judge to be useful to many companies in the area. For programs requiring new equipment or skills specific to one company, the business may be required to pay.

The Maricopa County district has an unusual budget of about $92,000,000, of which the state provides about 25 percent. The state support is distributed according to a formula with 40 percent more given for each student enrolled in a vocational course than for one in a nonvocational course.

The value of a community college to economic development is revealed by Stephen L. Paquette, executive director of a coalition of area Chambers of Commerce. He said, "Community colleges have been the hook for many companies locating in this area."

VI F. THE ECONOMIC DEVELOPMENT EFFORTS OF NORTHAMPTON COUNTY AREA COMMUNITY COLLEGE

Northampton set up a Center for Management Development for mid-managers and supervisors, and a Center for Skills Development for clerical workers. They eliminated competition with the vo-techs in the county by establishing the Career Education Cooperative based on curriculum articulation and pooled resources; the Cooperative enabled them to concentrate on higher-end technical training.

Community contact was found to be essential, but for economic development, orientation toward planning and development groups is much more important than the "current business" orientation of groups like Rotary. It was found to be more valuable to encourage staff involvement in Chambers of Commerce, county development corporations, planning groups and Private Industry Councils. Membership in these groups allow them to anticipate trends and to see training opportunities before companies even come to the community.

One of the group's most important efforts was a partnership with a local business which gave them free access to a state-of-the-art laboratory at no cost in exchange for help in specific training for their employees.

Conventional college schedules and pay scales don't work in economic development mode. High flexibility should always be a central consideration.

Northampton County Community College teamed up with Leigh University. Leigh was interested in doing research but not in providing training and was happy to help translate its work product into jobs. As biotechnology corporations move into the area, Leigh staff are now helping Northampton Community College to establish a Biotechnolgoy Technician Program. The community college has also been very successful in areas of mechanical engineering training for industrial workers whose skills upgrading is essential for their continued work.

VI G. SUCCESS OF PUEBLO COLLEGE ECONOMIC DEVELOPMENT CORPORATION

Pueblo was a prosperous steel mill community until the early 1980s when it lost 17,000 jobs and developed a 24 percent unemployment rate. In the last few years, Pueblo has created 6,000 new jobs. It made 20 presentations to new industry, and 18 came to Pueblo. Unemployment has dropped to 8 percent!

In 1982 Pueblo had three economic development councils and two Chambers of Commerce. The change came when all economic development efforts were focused on one new group, Pueblo Economic Development Corporation (PEDCO). A study done by an outside company, Control Data, showed the inhibitors to the city's growth: lack of cooperation, lack of small business assistance, lack of available trained labor force, and lack of financial assistance.

Tony Zeiss of Pueblo Community College said that the Development Corporation should have one mission only, to bring in jobs! He said that it was important for the media and people involved with economic development to maintain confidentiality about new industry or business being moved to the area. The council should not be pressured to tell who they are working with. He further recommended:

1. Get your business leadership involved.
2. Get widespread community involvement.
3. Get educational institutions involved.
4. Get financial institutions involved.

Funding for the Economic Development Council has come from taxpayers' funds through the cities and counties. Tony Zeiss said that you must also raise private money.

Zeiss felt that it is important to be able to offer in-state college tuition costs to families who transfer in with new industries. It is a necessary incentive for bringing high-tech jobs into the state.

Companies considering moving to Pueblo deal with only one organization--the Pueblo Economic Development Corporation. A company can obtain a building permit in two days and can get a building constructed in less than four months. The community college provides customized training.

Zeiss emphasized that strategic planning and economic incentives are essential to bring in and retain business. Pueblo has the lowest cost of construction in the U.S. and offers industrial revenue bonds, free utility hookups, free land in the industrial parks, low-interest housing, and reasonable labor costs.

Pueblo Economic Development Corporation is made up of 99 volunteers who donated anywhere from $1,000 to $15,000. The group then appointed 12 people to the board of directors'. These included businessmen, county and city officials. This is the group that solicits new businesses and handles everything from getting building permits to guaranteeing industrial revenue bonds. The group promised prospective companies everything from free office space while their facilities were being built to free training for their employees. The only catch was that the employees had to be from Pueblo.

As stated previously, they have been very successful.

VII. SYNERGY - ADVANTAGES OF THE "ONE STOP SHOPPING" FOR BUSINESS SUPPORT SERVICES

VII. SYNERGY

The "one-stop shopping" concept for providing business support services is an example of synergy whose time has come. Whether it is a start-up or an existing business seeking counseling or management assistance, all can benefit from a one-stop shopping center.

The ability to go to one location and obtain resource information or assistance in solving a problem is not a concept of radical change or requiring vast expenditures, but one which could make the difference needed in today's competitive business environment. Most business owners have neither the time, inclination or money to seek professional management assistance. Combining resources, counseling and management assistance, i.e.synergy, in one location is cost efficient for both the small business owner and the service provider.

The synergy developed in a one-stop shopping location will not only benefit the client but also the service providers. Current funding limits create new opportunities for many service providers to work together in ways that multiply the resources of all parties. Turf battles that consume precious resources can be silenced when cooperation among service providers replaces competition and duplication. By centralizing business support services and resources, service providers can combine networks, advance their own contacts and accomplish far more than any one organization could hope to separately.

The Business and Industrial Development Center (BID) Center offers small businesses in rural central Northeast Texas a one-stop shopping location. An example of one BID Center client who is benefiting from the one-stop shopping services is a manufacturer of plastic injection molded products. The business, which is highly seasonal, has requested management assistance from the BID Center in the areas of market research to locate new markets (domestic and foreign) and debt restructuring. The client is currently selling to the Federal Government as a result of the services of the procurement outreach program; a SBA borrower under the 7(a) loan guaranty program; and a prospect for the Small Business Institute's long term management assistance program.

Examples of other programs which demonstrate the utilization of one-stop shopping to enhance the region's commitment to growth and diversity are as follows: the City of Houston, Texas operates a one stop business assistance center at a location in downtown Houston and the State of Arkansas through the Arkansas Industrial Development Commission provides professional advice and assistance through its Small Business Information Clearinghouse in Little Rock.

Through the use of the one-stop shopping concept, each of the economic development participants (government, chambers of commerce, community colleges, universities, civic groups and the private sector) become more knowledgeable about each other's objectives and resources, learn where to go for their needs, develop referral networks, etc. The end result is a more efficient, cost effective and better utilized approach to economic development. The time has come for this important business assistance tool.

VIII. SYNOPSES OF THE LITERATURE

VIII A. SYNOPSES OF THE LITERATURE OF STATEWIDE PROGRAMS

The Illinois Model for A Systemwide
Community College Economic Development Program

By Lynn Tolle Burger, Director of Economic
Development Illinois Community College Board

Funding:

The Illinois model involves funding and leadership at the state level as well as a wide variety of locally directed activities. The cornerstone of the economic development effort is a network of business centers or economic development offices operated by all of the junior colleges of Illinois. State grants of between $43,000 to $350,000 (for Chicago) enable each district to operate a business center or economic development office.

History:

A full-time economic development position at the Illinois Community College Board was created to help coordinate and promote community college economic development efforts throughout the state. The grant program had to not only provide the funding incentive and guidance that was needed at the state level but also had to provide a great deal of flexibility for the colleges to respond to their local needs and responsibilities. Consequently, the funds are not competitive, nor do they have a great deal of red tape to apply or report on activities. They are formula allocated, each district must conduct activities in keeping with general rules on the program and the colleges' only reports are an annual audit and an activity report. Now, in the fifth year of operation, they are credited for having created or retained over 21,000 jobs in this year alone.

Customized Job Training:

Roughly one-third of a business center's effort is devoted to this activity.

Small Business/Entrepreneurship Services:

Another one-third (average) of a business center's time is devoted to small business/entrepreneurship training and services. Workshops, seminars, and regular courses are held on a wide variety of topics of interest to the entrepreneur related to starting and operating a small business. Although much of the instruction is through noncredit courses and seminars, some of the colleges have developed small business degree and certificate programs. Many centers also provide broker consulting services to small businesses. Funding for these activities is supplemented through the Small Business Development Center program.

Industrial Attraction and Retention:

In addition to other activities, many community colleges have participated in trade missions to Japan and Korea to help sell Illinois exports and to attract foreign firms. They have also done surveys to every industry to determine their problems and needs and to make a concerted effort to address them.

Contract Procurement Assistance:

Currently 27 of the 39 community colleges provide assistance to area businesses interested in competing for government contracts.

Labor-Management Councils:

A number of community colleges are helping establish labor-management councils which serve to enhance local labor-management relations to improve the business climate and help create and retain jobs.

Small Business Incubators:

The colleges are helping to start and operate small business incubators for small businesses by providing below-market rent; shared business services such as secretarial, telephone, copying, and accounting services; and employee training and management assistance. The role of the colleges range from providing employee training and management assistance to helping organize and even operate the incubator, in some cases, right on campus.

Advanced Technology Centers:

These centers not only train students on state-of-the-art equipment but also provide the use of the equipment to business. The colleges also cooperate with universities and federal laboratories to help with the transfer of technology from these research facilities to direct application in business.

Statistical Quality Control (SQC):

More and more manufacturers are requiring SQC programs in order to retain their contracts. Some colleges offer SQC credit or noncredit courses, some have SQC certificate and degree programs, and all have the capacity to provide or act as a broker for SQC training.

Community College Economic Development Association:

This is a network to share information on their economic development efforts. The association has maintained a membership of over 100 professionals and has been an extremely effective network in fostering professional development and the exchange of information on economic development concerns.

State Roll:

The state has been a facilitator and a catalyst, in addition to a source of funding.

Keys to the model's success:

1. Commitment from the state level.
2. Commitment from within each college from the president and board.
3. Professionalism and expertise of the business center/economic development staff. In many cases you have to look outside the college to hire the right person and some on-the-job training is required because this field is learned mostly by experience rather than education.
4. You must be accepted. The degree to which a college engages in business assistance and economic development should be seen as a continuum which starts with education and training activities, leads into more service oriented activities, and concluds with business and economic development activities in the broadest context.
5. The business center must complement existing local business and economic development activities. This might mean you can take the lead or that you find your niche or that you try to bring all the groups together, depending on your local situation.
6. The business center must be market driven and driven by real needs.
7. The center must be results oriented, not just for the benefit of the institution but to have a real impact on the economy.
8. The center must have an identify of its own. It should be a separate administrative unit with a great deal of autonomy and authority. It must be able to cut a deal with business without running back to campus for permission.

The bottom line is to create and retain jobs. It is crucial that the college realize that educational services alone do not accomplish this. In other words, job training and education are not economic development!

Management Model for Economic Development for Illinois Development Council, by Edwar Harris

The model is prefaced by some interesting statistics:

* The inability of commerce and industry to adjust and implement new technology, which is changing every 5-7 years, is the most crucial problem facing America.

- Approximately 50 percent of the jobs in a given area change every five years and only 1-2 percent is due to relocation of commerce and industry.
- A trained work force is the key to increased productivity. However, the skills of most workers are not adequate for the new replacement jobs, and public sector training facilities are obsolete.
- The U.S. is now spending $40 billion a year on job training by private and public sector agencies with public sector programs serving less than 8 percent of the population.

Research by Anthony Carneval shows that to reduce inflation by 1 percent, America must throw a million people out of work for three years, which adds over $25 billion to the national deficit.

While research identifies the problem, it is inconclusive on how to revitalize the economy.

Goals - To foster and strengthen commerce and industry retention and expansion efforts by: increasing productivity, decreasing business failures, encouraging entrepreneurship, creating a favorable business climate through community support. To alleviate duplication of training efforts, fill gaps and develop linkage.

The model is built upon the belief that economic development begins with a knowledgeable and competent local and/or regional economic development commission and staff.

Objectives

- To promote partnership between education, commerce, industry, labor, government, and community-based agencies.
- To utilize a wide array of research strategies.
- To provide economic forecasting and labor market data.
- To coordinate educational programs that match the human resource needs of business.
- To design and employ innovative strategies of serving the human resource and technical service needs of commerce and industry.
- To design and deliver short-term customized training for commerce and industry.
- To promote cooperative planning efforts.
- To design a structure that will allow manageable coordination of a large number of agencies involved in economic development.

The report provides organizational charts of how economic development works in its relation to the various organizations involved.

Models for Economic Development by
by Dale F. Campbell and D. M. Faircloth
in the Community and Junior College Journal

There is a growing recognition that the availability of skilled workers or the capability to train them is the most significant factor in an effective economic development policy. This article relates the success of the state of North Carolina programs to the ties established between the Department of Community Colleges and the Department of Commerce.

Specific programs in North Carolina:

1. Appropriations from state for updating the technical training equipment inventory.
2. Prefunding state priority programs at hard-to-fill critical manpower shortage occupations.
3. Establishment of Cooperative Skill Training Centers to enable colleges' greater flexibility to contract with industry for in-plant training.
4. Related and supplemental instruction of formal apprenticeship.
5. Educational/industrial leave with pay up to 12 consecutive weeks, enabling technical faculty to return to industry for upgrade training.

North Carolina's balanced growth policy has worked in diversifying the economy and making new jobs available in all parts of the state. It is a state of relatively small cities and towns. Eighty percent of recent industrial development occurred in nonurban areas. Sixty percent of the investment has been in communities of less than 15,000. There has been a shift in the type of jobs developed. In the late 1960s more than 60 percent of the jobs announced were in the lower-paying manufacturing sector. Now 90 percent of the jobs are in the higher-paying categories. The percentages have flip-flopped.

The American Electronics Association reports that industry is looking to community colleges to be the primary delivery mechanism, other than direct industry experience. It is felt that this will include the critical manpower shortage areas of computer, drafting, engineering, laser, and machining occupations.

References included Brookings Institute.

A Study of the Relationship Between Postsecondary Education and Economic Development in Selected States

By Joann Wilson, September 1981

The states studies were Colorado, Connecticut, Georgia, Louisiana, Minnesota, New York, North Carolina, Ohio, Oklahoma, Oregon, South Carolina, Wisconsin, California, Nevada, New Mexico, Texas, and Utah.

It was found that most of the states studied utilize postsecondary education to some extent in their state-level economic development strategies. Arizona, Nevada, and Oregon were the only states using mainly local efforts to link postsecondary education to economic development. No state showed a truly comprehensive program to link economic development with all sectors of postsecondary education, and no state designated a single source of occupational training information. Therefore, postsecondary education seems to be generally underutilized in economic development strategies.

The report gives a brief report of the relationship between economic development and postsecondary education in the 17 states studied.

Of special interest is the mention of Ohio Technology Transfer Organization (OTTO - page 44 of the report). The goal of this organization is to establish a network of 11 community and technical colleges working in cooperation with Ohio State University to provide technical assistance, information, and training to Ohio small businesses. Within OTTO, the University acts as a broker of technical assistance while the two-year institutions perform the technical extension service role. Hence, OTTO is intended to link research to the marketplace.

Community Colleges: A Competitive Edge for Economic Development

by Cary A. Isael, James F. McKenney, Jerome Wortgen
from Economic Development Review, Summer 1987

Productivity has declined in the U.S. during recent years--while going up in other nations.

Community colleges are getting involved in training new workers, assisting in retraining and upgrading existing employees, developing and maintaining small business support systems, and networking in the international community. The basic understanding is that technology and service delivery now drive all the world economies and offer unparalleled opportunities for the continuous creation of new wealth. Ninety percent of all scientific knowledge has been generated in the last 30 years.

The knowledge pool will double again by the end of the century, rapidly compressing life cycles of products and processes to less than 5 to 10 years.

The article states, "The U.S. must begin to compete with brain power rather than brawn power."

Why turn to community colleges:

1. Provide specialized training
2. Develop specific customized training materials
3. Assist in assessment, applications, screening process for new employees
4. Help in relocation, expansion, or consolidation efforts of a company
5. Provide the support services and develop training proposals to help lure new business and industry
6. Provide assistance to reduce business failures

Iowa - The State Legislature funded the efforts of community college activities through a new state law that diverted property and employee withholding taxes to a state-training fund (includes an incubator program with Des Moines Area Chamber of Commerce).

Illinois - The colleges provide vital organizational services such as information gathering, market research, employer needs analysis, employee training/retraining, and technical assistance.

Ohio - One of the foremost problems in American industry is moving new products and processes developed in the labs to the firm that can use them commercially. Critical ingredients of a technology transfer system include an inventory of innovations, knowledge of the needs of business, and close ties to the community. Ohio created a technology transfer organization to do this.

North Carolina - The public sponsored-training is made available even to a private company for as long as that company continues to create new jobs. They also fund a quick-response team that will provide the potential employer with an on-site needs analysis (relocation). The team will then return to the Carolinas for the job on recruiting and training the work force for the new operation. The only cost by the employer is that of cost of staff time during the actual needs analysis.

Up Front in Economic Development
by Larry J. Blake, Community and Jr. College Journal

North Carolina has been one of the most aggressive and successful industrial growth states in the Sun Belt. In the last four years alone, companies from across the country and around the world have agreed to spend more than $8.2 billion to build new plants or expand existing facilities in North Carolina. In turn, these companies are expected to supply the state with approximately 121,000 new jobs.

Training equipment generally is supplied by industry. On occasion, state funds have been used for this purpose.

In some institutions the training takes place in specially constructed, multiuse buildings. These buildings are essentially shells that can accommodate a variety of fixtures and equipment. Once a training program is completed, equipment is removed, and new equipment for another training program takes its place.

North Carolina's 58-campus community college system is credited by Governor James B. Hunt, Jr., with much of the state's economic development success. Almost all state supported job training is done through the community colleges.

State's Plans to Link Small Businesses and Universities

The Chronicle of Higher Education

by: Scott Jaschik

Minnesota, New York, and Vermont are among the states that have recently tried to increase their public colleges assistance to small business.

There is a plan to develop a center to provide local merchants with advice on marketing their products nationally. At some centers extension staff members sponsor workshops on small business problems, provide individual counseling to people who consider starting a business, and tell owners which professors at the University of Vermont are conducting research relevant to their business.

Officials of New York State Science and Technology Foundation have started a program to improve the access of small businesses to results of state-sponsored research. A state financed foundation awarded Cornell a $70,000 grant this year to hire an extension agent to help owners of small businesses use biotechnology research. The foundation is producing a list of professors and their research, which will be distributed to interested small businesses throughout the state. Using a list from the State Commerce Department, the foundation will send a mailing to all the small businesses in the state to describe the biotechnology center and how it can help them.

No Shrinking Violet
from A.A.C.J.C. Journal, November 1984
by Rebecca W. Holdsworth

In 1983 North Carolina led the nation in recruiting new industry, and much of that success can be credited to the state's community college system. North Carolina is increasingly perceived as the rapidly emerging eastern center for "high-technology research."

Job training has always been a top priority of North Carolina's community college system. More than 25 years ago, North Carolina created the nation's first training service expressly designed to support industrial growth, thereby creating a healthy business environment that enhances the state's economic well-being.

When the state legislature created the system in 1963, it made commitments that enabled them to play a key role in economic development. First, tuition costs were kept to a minimum. This ensured that all of the state's citizens would have access to education and training. Second, the campuses are within easy commuting distance of nearly 100 percent of the state's population. Third, the state has managed to retain at the local level a great deal of autonomy over what is taught. The more than 200 vocational and technical programs reflect what business and industry need in the way of skills training. Each year hundreds of short courses in the institutions' extension divisions meet business and industry's need for replacement and upgrading of employees.

Business and industry tell them what is needed, and the institutions make sure that the students are taught what they are going to find on the job.

The support of the legislature and the Governor, the advice and guidance of the state board, the input from business and industry, and the commitment of the 58 institutions to job training are the reasons why North Carolina topped the nation in attracting new industries according to Robert Scott, state president of North Carolina Department of Community Colleges.

Proven Partners
Business, Government and Education
by Robert Scott

North Carolina's Research Triangle Park was established to attract new high-tech industries to the state and to help broaden the economic base.

It took ten years of planning and research by government, business, and educational leaders to develop a blueprint for growth. It took another six years to attract the first major client. At last count more than 45 companies have established facilities at the Research Triangle Park. Almost fifteen years passed before for the idea began to pay dividends.

Community colleges are involved in the very first contact with a prospective new business. The college is a member of the team, providing training expertise and designing and providing customized skill training to new industries. A network of small business assistance centers was established in 1984.

Over the past two years educators, state officials, and business and industry leaders have been meeting to find out what the needs of business and industry are and where they are going in the coming years. Participation in this conference series has been limited to the chief executive officers and presidents of major North Carolina businesses and industries. The philosophy of this series has been "You talk. We listen."

Advice from business and industry leaders:

1. Keep your emphasis on technical and vocational education.
2. Stay in contact with local businesses and industries.
3. Maintain up-to-date programs.
4. Set up joint efforts between public schools and universities to recruit qualified high school students into technical programs and counsel them earlier.
5. Establish cooperative efforts between business and the education community to keep instructors up to date. Return to industry programs for instructors are especially important.

Rural Success: Case Studies of Successful Employment and Training Programs in the Untied States

ED 241 220

ABSTRACT Researchers compiled case studies describing 15 successful rural employment and job training programs in 10 states, to share the information with planners and practitioners and with state agencies in Virginia that were responsible for enhancing local job training and employment opportunities. Researchers, who gathered information about the case studies during site visits or telephone interviews, noted that the programs combined job training with at least one of the following characteristics: successful placement, job creation, job upgrading, or service to difficult-to-serve populations. Of the eight programs visited and described in detail, three featured non-profit corporations (of which two were economic development corporations), four featured the roles of 2- and 4-year higher education institutions in job training and creation, and one featured the role of the community college and local government in job creation. The other seven programs, described in less detail, featured the roles of job placement in rural employment and training, a community-based organization, an Indian reservation, a county government consortium, a large non-profit corporation, and a relationship between state government and a manufacturing cooperative. The detailed reports describe the programs' problems and goals, solutions, training, implementation, outcomes, setting, and contacts. The other programs are summarized. (SB)

Linking Community Colleges with Economic Development in Florida. ISHE Fellows Program Research Report No. 3, 1982.

ED 226 785

ABSTRACT

The relationship between business/industry and education in Florida is discussed in this paper with special emphasis on the role of community colleges in fostering and promoting economic development in the state. First, the paper highlights major factors arguing for strong links between education and industry, including the decline of labor-intensive manufacturing, the rise of high technology industries, the demographic shift to the Sunbelt, and the need for large-scale retraining programs. Next, in examining the role of community colleges in industrial development the paper outlines the advantages that colleges can offer to industry and provides examples of programs developed in the Carolinas, California, and New Jersey that combine the resources of education and industry. Then, the relationship between education and industry in Florida is examined in terms of demographic and economic changes in the state and legislative and administrative efforts to bring educators in contact with business. After examining the attitudes of Florida colleges toward industry and outlining their efforts to attract new businesses to their service areas, the paper provides suggestions for linking the colleges more closely with future economic development. Recommendations regarding the role of higher education in economic development and an annotated bibliography are appended. (MB)

The Entrepreneurship Education Forum,
Proceedings of a Conference
(Columbus, Ohio, September 21-22, 1983).
ED 236 334

ABSTRACT

These proceedings represent a compilation of the papers presented at a conference on entrepreneurship education that was designed to promote the infusion of entrepreneurial concepts into vocational education curricula. Included in the first section of the volume are descriptions of the following projects sponsored by the U.S. Department of Education, Office of Vocational and Adult Education: a task force on entrepreneurship and training, a project to promote economic development through entrepreneurship and training, and the development of an entrepreneurship education network. The second part of the proceedings consists of the texts of various papers presented at the forum, including "Entrepreneurship--Expanding Horizons for Vocational Education," by Edward D. Miller; "Entrepreneurship Education and the Joint Council on Economic Education," by John E. Clow; "What Can Be Done to Help U.S. Business: A Women's Business Enterprise Perspective," by Charlotte Taylor; "A National Management Development Program for Minority Business Enterprise by Private and Public Sector Partnerships," by John Russell; and "Sustaining a Dream," by Paul A. Donais. Concluding the proceedings are a series of presentations by representatives of lead states that discuss entrepreneurship education programs in Colorado, Florida, Maryland, New York, Ohio, Oregon, Wisconsin, Washington, D.C., Michigan, Pennsylvania, and Massachusetts. (MN)

VIII B. SYNOPSES OF THE LITERATURE OF COMMUNITY/JUNIOR COLLEGE

Programs Community Colleges and Economic Development: Models of Institutional Effectiveness

by Stephen G. Katsinas and Vincent A. Lacey

The typical American worker changes his or her occupation three times and actual job six to seven times over an average forty-year work span.

Four research questions were discussed:

1. What is to be learned from the literature regarding community college involvement in economic development activities.

   In the 1980s a major goal of community colleges has focused on economic development related to the "Age of Information" and the developing service industries.

   Most colleges first make an occupational survey to determine positions available, organize an advisory committee of people engaged in the occupation, develop the course of study with help from advisory committee, install the program, place graduates upon completion of school program, supervise and assist those graduates to succeed on the job.

2. Trends and Forces Motivating Community College Involvement in Nontraditional Economic Development:

   Community colleges are involved in many diverse economic development programs that include but are not limited to

   a. centers for small business assistance and incubation
   b. local and regional centers for planning and research
   c. information dissemination
   d. office automation centers
   e. customized training and retraining programs
   f. performance-based job contracting
   g. developing partnerships between universities and the private sector to provide advanced manufacturing technological assistance

   Current research shows a clear mismatch of existing job training programs to current needs.

3. Six Models of Nontraditional Involvement by Community Colleges in Economic Development

   a. Institute for Business and Industry (IBI) at Lake Michigan College:

      (1) customized technical training
      (2) on- and off-campus training for managers, supervisors, and operators

(3) consultant assistance
(4) special needs projects
(5) grant-writing assistance
(6) staff training/professional development training for other educational institutions
(7) small business assistance, including assistance in the development of marketing plans and loan packages. They have integrated Quality circles, team building,and other concepts borrowed from the Japanese.

b. Mid-Florida Research and Business Center, Inc., at Daytona Beach Community College

(1) Research networking, including regularized collection and dissemination of information
(2) Contracted research projects
(3) Entrepreneurship training for the hard-core unemployed
(4) Assistance to small business: train, loan package, etc.

The collection and dissemination of research information was considered the top priority. Research specialties have been developed in tourism marketing research.

c. Pueblo Business Assistance Network at Pueblo Community College

Offers one on one counseling, developing a business plan, and helping in solving management and growth problems.

This is a very good program (see detailed separate report on Pueblo Business Assistance Network).

d. Office Automation Center (OAC) at Trident Technical College, Charleston, South Carolina

Conceptually OAC serves as an informational resource where small businesses can

(1) see the latest office automation technology
(2) evaluate their office automation needs
(3) compare features of the latest application software
(4) use functioning office systems
(5) attend seminars and receive customized training on the equipment prior to installation

The center features six model office areas. The equipment, furniture, and partitions were paid for by the equipment vendors while the college furnished the facility. College faculty are trained to demonstrate and explain the use of the equipment and office systems. They are the area's foremost authority in the area of office automation. Trident Technical College has an active office of research that publishes bimonthly newsletters on economic trends in the region, has established a small business incubator, and is active in performing JTPA programs. The in-depth research conducted by the college shows local reflections of national trends regarding growth in service employment sectors, including health services, government sectors and local tourism.

e. Performance-Based Contracting

Florida Community College has been very involved in doing performance-based contracting. It has developed a streamlined organization to facilitate its use in various training programs.

f. Partnerships: The Bevill Center for Advanced Technology, Gadsden State Community College, Gadsden, Alabama.

The Bevill Center for Advanced Manufacturing Technology was established to provide a focal point for job training and research, and to allow for the transfer of the latest in manufacturing technology to industries in Northeast Alabama.

The objectives of the Bevill Center are:

(1) develop research focused on industrial needs
(2) conduct feasibility studies and research on new designs, new products, market opportunities and concept implementation
(3) assist industry in the identification of needs and problems
(4) develop individually tailored training and research programs, both basic and applied
(5) serve as a cleaning house for the rapid exchange of ideas and personnel between industry, education and labor.

The center is designed to train workers in state-of-the-art industrial technology, using computers to both design parts and to control the machines that make them.

4. What are the "Key Factors That Lead to Success"

Business and industry want the programs today, and they are quick to perceive a lack of sincerity on the part of college administration when delays occur due to turf and jurisdictional bureaucratic infighting. Active involvement by community colleges by definition implies in-depth research to assess local business needs.

Teachers for nontraditional programs typically come from private industry and do not hold tenure as full-time college faculty.

In the six models studied, the college presidents of all of them were personally involved. Without their direct involvement, the issue of program independence will become a major problem. When devising specialized short courses, the six examined institutions all had the flexibility to go outside the existing institutional structure to obtain faculty and staff. Community colleges must guard their reputation as a neutral party in labor management relations. One fear of faculty is that an emphasis on economic development will somehow overshadow other critical educational functions, especially the humanities and liberal arts programs. This need not be so.

Community College: The Catalyst in Economic Development

by Robert T. Mundhenk

Northampton County Area Community College

Recommended reading. Summary follows:

Community colleges may actually cause economic development to happen well beyond the economic activities in which they have been directly involved.

The in-between status which causes an identity crises in junior colleges can actually be an advantage. Being inbetween makes us an important part of education in economic development because we can talk "education," and we can talk "training," and we can actually understand what we're saying.

You must define your market. You can't be all things to all people. We excluded from our target markets what seemed the natural markets for both four-year schools and secondary schools. We ignored executive suite training and set up a Center for Management Development for midmanagers and supervisors, and a Center for Skills Development, for clerical workers. We eliminated competition with the vo-techs in our county by establishing the Career Education Cooperative, based on curriculum articulation and polled resources. The cooperative enabled us to concentrate on higher-end technical training.

Conventional wisdom among community college administrators is that social and service organizations are important contacts. Mr. Mundhenk disagrees with that wisdom if the administrator's time is limited.

Community contact is essential, but for economic development, orientation toward planning and development groups is much more important than the "current business" orientation of groups like Rotary. It is more valuable to encourage staff involvement in Chambers of Commerce, county development corporations, planning groups, and Private Industry Councils. Membership in these groups allows us to anticipate trends, to see training opportunities before companies even come to the community, and to contribute to the future rather than merely be part of the present.

One of the group's most important efforts was a partnership with a local business which gave them free access to a state-of-the-art laboratory at no cost in exchange for help in specific training for their employees.

Conventional college schedules and pay scales don't work in economic development mode. High flexibility should always be a central consideration.

One main advantage of the in-betweens mentioned earlier is the ability to convert research into training. Leigh University has been a partner. It was interested in doing research but not in training and was happy to help translate its work into jobs. As biotechnology corporations move into the valley, Leigh staff are now helping Northampton County Community College to establish a biotechnology technician program. The community college has also been very successful in areas of mechanical engineering training for industrial workers whose skills upgrading is essential for their continued work.

It is vitally important that colleges understand that adding their resources to those of industrial and educational partners can lead to something larger than the sum of all of its elements.

Partnerships: A University's Role in Economic Revitalization

from Engineering Education, May 1985

by Don K. Gentry and Michael T. O'Hair

Purdue University developed several initiatives to enhance economic development efforts.

A Business and Industrial Development Center (BIDC) coordinates requests for services and business, industry and government interaction. BIDC is supported by state funds and the Ball Foundation. BIDC staff work with the Department of Commerce to promote new and expanded business and industry development and serve as a communication link. The office represents the university's research, educational, and service activities and matches university expertise and programs with ongoing industrial needs.

Purdue developed two outreach initiatives--Purdue Statewide Technology (PSI) and a technical assistance outreach effort.

PSI provides technology education at various locations throughout the state. Programs that have proved successful on the main campus are transported to workers and potential workers in local communities where the demand for those skills is high.

Each community's need is documented by a labor market study by the university. Local business and industry representatives are involved in planning, developing, and implementing the program. Cooperative efforts are developed with local industries and other public and independent educational institutions.

A Technical Assistance Program (TAP) is the major component of the technical assistance outreach. TAP provides the expertise of the faculty and staff from engineering, technology, and industrial management to identify and suggest solutions to business, industry, and community economic development problems.

Industrial Relations (IR) was organized to improve and increase research contacts with industry. Through this effort, not only are links between researchers and industry made, but research support and technology transfer are increased.

Targeted research has resulted in the development of research programs in automated manufacturing and productivity, biotechnology research, research in microelectronics and integrated optics, the ease of super computers, etc. Support for targeted research comes from the federal government, industry, and the new state-developed Corporation for Science and Technology.

Purdue also developed two external initiatives. The Purdue Research Foundation opened a Research Park to enhance opportunities for new technology industries to locate near Purdue and to provide an expanded source of technical ideas.

An Enterprise Center is being organized to act as a broker for new technology and to foster new industrial growth through research and development help from Purdue.

From Purdue's perspective, they see ongoing benefits from the three way partnership between the college, state, and industry even after the economy has improved. They have identified at least three specific benefits:

1. University programs have brought new funding.
2. The new partnerships are giving the university more visibility with leaders in business and industry. That improvement brings them closer to the market, which will have a positive impact on enrollment.
3. As government officials, educators, and business leaders work together, they can help improve the curriculum for all professional and technical education programs and enhance the quality and quantity of applied research.

The Community College As an Economic Development Center--A Model

by Andrew Mihelich, Jolliet Jr. College

Economic development should be a part of a community college's overall mission.

Recommendations:

1. Develop a vision. Initiate a planning process that incorporates multiple options while still allowing for controlled growth.
2. Combine all of your economic development related services under one umbrella operational unit.
3. Be an equal partner in business, labor, government, and educational partnerships and assume a leadership role in economic development activities in your district only when a leadership role is needed. The goal of a community college should be to be an active equal partner in local initiatives.
4. Concentrate on your community college's strengths of quality education and flexible training while developing ancillary services which support these strengths. Do not attempt to do what the other partners can do better.
5. Include economic development in the mission statement of your community college.
6. Secure administrative support for the premise that your community college economic development/business assistance center is the liaison or contact office between the business community and the college's instructional departments.
7. Integrate your economic development initiatives into the mainstream of college functions. Encourage your economic development staff to know their college counterparts and offer their expertise to the college's operations.
8. Develop a philosophy of entrepreneurship. A college's economic development program should be viewed the same as a corporation's entrepreneurship efforts. Be willing to take risks.
9. Focus on partnerships through networking and co-sponsorship of activities. Be willing to give credit to other partners. Do not compete for media headlines.
10. Continually inform and appraise your institutional hierarchy and constituencies of your economic development impacts.

Case Study of Triton College's Role in the Formation of a Regional Economic Development Effort

by: Dr. David Kozlowski

Grant funds utilizing one-fourth of the Governor's 8 percent holdback of Illinois state grant allocation of Job Training Partnership Act funding were made available on a competitive basis to begin Small Business Development Centers and Special Business Assistance Centers for government procurement.

Recommendations:

1. The first formative advisory board should be broadly based to include community leaders, large corporations, and members of the press. Such leadership will enhance the credibility of the new organization and facilitate fund raising.

2. Mailing lists must be scrutinized closely to be free of errors and precisely targeted. A president of a bank whose name is misspelled is unlikely to respond.
3. Desired pledge amounts should not be disclosed in the invitations.
4. Time should be concentrated on larger prospects. The time required to develop a $100 contribution and a $5,000 contribution does not differ.
5. Checking and rechecking every detail must be done.

The Role of Oregon Community Colleges in Economic Development

Community College Review, Volume 13, No. 2

by: Larry Kingry, Lee Cole

The purpose of this study was to investigate areas of consensus and differences among Oregon Community College faculty, administration, and their business community on the desired role of the community college and its perceived current role in economic development.

Twenty-three economic development activities were identified: retraining programs, job placement services, classroom apprenticeship training, participation of college staff on industry recruitment teams, contracting by colleges with industries for technical training, providing basic skills (reading, math, communication), cooperative education programs such as on-the-job training mixed with classroom training, instructional releases for teachers to work in industry, customized training programs to industry on site, skill upgrade training, training in basic and midlevel management skills, short courses and workshops for company employees, conducting research and development as applied to small business operation, disseminating research results on technical change, providing business resource libraries, consultation in export management, courses in business financial planning, community training needs assessment, career and vocational counseling, prescreening and skill assessment of potential employees, staff's soliciting funds for retraining programs, participation of community college staff on local community development councils, collecting labor market information.

Main conclusions of study:

All groups tended to support the view that the community college should be placing more importance on the selected economic development activities than what was occurring.

There was obvious discrepancy between the lack of knowledge expressed by the business community and part-time faculty versus the greater knowledge expressed by the college administrators and full-time faculty on the community college's activity in performing the economic development role.

Implications:

A greater emphasis on communication between the college and its business community may need to occur if the college is to develop a highly effective economic development program.

As a college plans economic development programs, care should be taken to include both faculty groups (vocational and nonvocational) in the planning process and the delivery of the program.

Recommendations:

It appears the part-time faculty may be a valuable untapped resource and that the colleges will need more information about them and will need to find additional means to utilize them effectively.

Economic Development and the Maricopa Community Colleges

Maricopa Community College, Arizona

This report is in outline form stating the benefits, services, and list of clients served in the system.

Also included is a sample marketing packet that the Maricopa Community College used as handouts to businesses and students as a tool to recruit them into the program.

New Food Product Assistance for Rural Food Enterprises

October 1987

by William F. Stoll, Ph.D.

The University of Minnesota Technical College developed the Food Technology program to help members of the agricultural and food product industry with new product development.

Small companies were contacted and asked if they had development projects that the students could work on. Companies identified projects and met on campus with student teams to set them up. The students were involved in creating the product concept which they were to develop.

In addition to utilizing sponsoring companies, a mock company was established to give the students a feel for what it is like to work within a corporate structure. Individuals played role models of corporate officers and asked the students to explain their development efforts and to justify their positions. The reports included ingredient and product specifications, manufacturing procedures, costs, suggested packaging, market research, and a prototypic model of the new product. Reports of all data were presented to the representative of the sponsoring companies.

The project is a pilot project to demonstrate how the college can assist in the development and expansion of the rural economy by development of new food products. A brochure has been developed describing the availability of this service. This brochure will be sent to food companies, Chamber of Commerce offices, rural development corporations, and extension offices as a means of contacting companies and individuals with potential projects.

Benefits:

1. Helps in attracting students and providing employment opportunities.
2. Maintains contact with the food industry and its need for employees.
3. Contact with the industry also helps in keeping the program current and relevant.
4. Industry driven projects can assist in preparing students by providing "real life" laboratory experiences which involve technical skills and principles.

Perhaps the most benefits lie with the students. They have an opportunity to become more aware of the food industry. Their communications skills improve as they interact with industry representatives. They have the opportunity to supply and learn new skills. They develop problem-solving skills. A long-term benefit is the employment potential that develops.

Cerro Coso and Paiute Reservation Create a Skillful Partnership

Linkages, Winter 1988, Volume 11, No. 2

Cerro Coso Community College has been very successful in getting unemployed and undereducated Indian students to enroll and receive job training and remedial education.

Reasons for success:

1. Each student receives a small grant as long as certain minimum academic standards are met.
2. Students enroll in remedial work in basic math, writing, and reading in addition to college-level classes--a strong motivator.

If adults are kept in remedial classes "until they pass," they often drop out.

3. Staff members have genuine confidence in students' abilities.
4. The direction and support given the students is important. Because overall planning, grant writing, funding work, and recruiting is done on the reservation, the level of trust and cooperation is greatly enhanced.

Entrepreneurship Curriculum

by: Mineral Area College

The study gives a curriculum outline for vocational/technical school and comprehensive high school entrepreneurship curriculum.

This is a very useful article for establishing an entrepreneurship program.

Lists of measures are included.

Many free and valuable information manuals are referenced.

University as Venture Capitalist

Forbes, December 19, 1983

by Richard Phalon

Renselaer Polytechnic Institute has had a number of success stories with their three-year-old incubator program.

At this time there are some 35 centers set up across the nation to develop jobs or high-tech capacity or both. Many centers are affiliated with universities. Even Yale, the liberal arts bastion, has developed its Science Park Development Corporation. Control Data Corporation has made a business out of setting up technology centers. So far about 13 cities, including Charleston, South Carolina, St. Paul, Minnesota, and Baltimore, Maryland, have hired Control Data to help put together and run their incubators.

In RPI's program, most of the entrepreneurs who have received the approval of the screening committee have been students or faculty members, but the RPI connection is not essential. Applicability in the real world of industry is the key test. Is it a new technology with good commercial prospects or an old technology that can be put to new use in the marketplace?

RPI itself is not in the startup venture capital business, as such, but it puts incubator companies in touch with venture capitalists. It has on occasion taken stock from an entrepreneur who could come up with rent money. The university puts no cash in the incubator companies; however, the endowment fund has tucked some cash into the second- or third-round financing of more mature companies.

The subsidy comes in the form of low rent ($6 a square foot per year). Access to any of the other resources on the campus--computer time, machine shops, and consultation with faculty members--is all on a cash basis.

Most incubator executives think they get these services cheaper from RPI than they would from outside surveyors. The biggest advantage of all is the variety of technical skills that RPI, as a top-flight engineering school, has on tap.

The glamour of the program has enhanced RPI's image too. As Jerry Mahone, director of the program, notes, it has helped with recruiting and fund raising. It is also felt that it would help re-energize an Albany-Troy metropolitan region that has lost its share of manufacturing jobs.

The incubator program creates a total payroll of approximately $2 million a year.

Another hope was that some of the incubator companies might grow to the point that they would become tenants of RPI's new 400-acre technology park.

A.A.C.J.C. Journal, November 1984
Open for Business
by Edward Cutter

The small business community must have access to current information, training, resources, and services. SBDCs are operating at all 15 Oregon community colleges. They offer a wide range of management assistance services. They include business counseling, long-term educational programs, short-term workshops and seminars, supporting physical resources such as a small business resource library, and involvement with economic development organizations. Sixteen percent of Lane Community College clients started a new business after receiving counseling at the Business Assistance Center.

Oregon's SBDCs lend resource assistance to drop-in clients who can obtain free reference materials, utilize tapes, and access microcomputers. Lists of service providers, such as attorneys, consultants, and accountants, as well as lists of government and private agencies that provide assistance to businesses, are also readily available. One-to-one business counseling is provided by college staff, SCORE Chapters, ACE Chapters, and paid professional consultants. The centers also offer training activities such as seminars, workshops, and classes that focus on current business issues.

Oregon has the first community college-based Small Business Development Center network in the United States.

The Business and Industry Center: A One-Stop Storefront Approach
ED 273 309

ABSTRACT

In order to maximize its resources to fulfill its action-oriented mission and strong commitment to community and economic development, El Paso Community College (EPCC) developed a Business and Industry Center as a rapid response system for meeting the needs of the business and industry community. The Business and Industry Center offers a comprehensive range of services, including short- and long-term, credit and non-credit, and on- and off-campus courses; information services; and walk-in technical assistance. These services are provided through four functional components: (1) continuing education for business and industry, which includes business, management, industrial, real estate, computer skills, secretarial science, and word processing; (2) the Worker Training Institute, which offers college credit courses at business and industry sites; (3) Project 90, the Chamber of Commerce training clearinghouse; and (4) the Small Business Resource Center, a walk-in technical assistance center, catering especially to very small businesses, minority businesses, and women in business. These four components link with each other and the other departments of the college to effectively focus available resources to meet community goals. (EJV)

The Business/Academic Partnership in the Economic Development of Maui. Proceedings of a Symposium/Workshop (Maui, Hawaii, May 2-3, 1985).
ED 269 997

ABSTRACT

The relationship between the Hawaii university system and business and industry in the economic development of Maui is discussed in proceedings of a 1985 symposium. The development of island economies is addressed by Sam Cole, while the role of a land-grant university in economic development is discussed by John Cantlon. A panel on economic outlook, activities, and needs for Maui covers: the perspective of an agricultural entrepreneur (William Monahan), requirements of the pineapple industry (L. Douglas MacCluer), recruiting personnel in tourism (Tom Mailhiot), the needs of the general business community (Lynn Britton), and the challenge of future business (Wayne Hedani). The economic development partnership panel covers: the university and economic development (Kent M. Keith); Maui's economic development needs (Donald G. Malcolm), university research and academic program capabilities (Albert Simone), community college capability and plans (Alma Cooper), and coordination of high technology development (William M. Bass, Jr.). The role of universities/community colleges in economic development is also considered, with attention to: a community college/research park case example (Stanley Spanbauer), a land-grant university approach to developing a research and technology (R&T) park (John Schade), views of federal agencies contracting in Hawaii and Maui (David Carter), opportunities for agricultural research and development (N. C. Brady), international economic development (Seiji Naya), views of venture capital firms (Brian St. John), and a community college perspective (Rudy Melone). The perspective of the business community concerning academic and research needs is also covered: views of a research park developer (Joel Smolen), views of potential R&T enterprises (Michael Dowe), views of current Maui businesses (Arden Henderson), views of current Maui researchers (Ben Bonicol), and views of an economist (David Ramsour). Discussion group reports consider defining a role for Maui in international economic development, R&T, and technology transfer activities (Patrick J. Takahashi, James Worley); as well as the potential, feasibility and approach to developing at Maui: (1) U.S. Department of Defense R&T capability (Fujio Matsuda, Jamie Chapman); (2) an international center for agricultural research, training, and technological transfer (William Monahan, Chauncey Ching); and (3) strong private sector R&T capability (John Decker, David Yount). (SW)

Profitable Partnerships: Public-Private Partners in Economic Development.

ED 278 436

ABSTRACT

Four case studies are presented to demonstrate the economic development potential of partnerships between community colleges and public and private sectors, focusing on programs that targeted a specific area of need in Oregon's economic base and raised significant funds for program implementation. Introductory comments provide background information and discuss the partnerships in terms of their benefits to the partners and to the public. The four case studies describe the public-private partnerships in detail, including discussions of the objectives, conception, funding strategy, and problems of each. The first case study is of the Fisherman Technology Program at Clatsop Community College, a marine and commercial fishing program designed to provide technical information and training in fish-finding systems and other technological advances to captains of United States fishing vessels. The Cascade Business Center Corporation is the subject of the second case study. The Corporation is a "business incubator" partnership at Portland Community College (PCC) formed to improve economic conditions in Northeast Portland by providing education, consultation, and professional support services to new and emerging small businesses, with preference given to minority- and women-owned businesses. The third case study describes the 2+2+2 Cooperative Honors Program in Electrical Engineering and Computer Engineering offered by PCC, the University of Portland, and Oregon Graduate Center to meet the needs of the high technology industry in metropolitan Portland. Finally, the fourth case study focuses on ED-NET, a statewide instructional television fixed service (ITFS) microwave system developed by 15 Oregon community colleges to bring specialized and custom-designed educational programs to underserved groups throughout the state. Additional materials include two articles from "Oregon Business," a list of participating Portland businesses, a course of study for 2+2+2, and maps showing the range of the ITFS microwave system. (LAL)

Economic Development Grant Report, Fiscal Year 1986.

ED 275 361

ABSTRACT

A profile is provided of Illinois community college business centers and the activities they conducted under the fiscal year 1986 $3.5 million economic development grant allocation. First, highlights of the year's accomplishments are presented, including: (1) community colleges provided training for 852 companies through 1,400 courses, serving 29,000 employees which contributed to the creation and retention of 6,500 jobs; (2) over 34,500 potential and existing business people were served through entrepreneurship training and services which helped create and retain nearly 3,900 jobs; and (3) nearly 2,900 businesses were provided assistance in seeking federal contracts, yielding $39 million in funding. Next, background information is presented with respect to the Illinois community colleges' involvement in economic development. Subsequent sections are devoted to economic development grant use by activity; jobs created and retained with the assistance of community college economic development activities; economic development grant use by budget categories; and other funds budgeted for business center/economic development activities. Finally, the primary economic development grant activities conducted by the community colleges are discussed and results are summarized in terms of the retention and creation of jobs. The activities considered are industrial attraction, retention, and expansion; customized job training; entrepreneurship training for business owners and operators; contract procurement assistance; small business incubators; and employment, training and job search services for unemployed or underemployed persons. Tables providing statistical data related to the economic development grant activities are appended. (LAL)

VIII C. SYNOPSES OF THE LITERATURE OF SPECIFIC BUSINESS ASSISTANCE PROGRAMS

BIC (Business-Industry Council): A Concept Paper for Administrative Discussion

ED 229 068

ABSTRACT

Business-industry councils exist at both the national and local levels. At the national level, the Business-Industry Community College Coalition seeks to increase community college visibility, promote employer-specific programs and services, and establish closer working ties between schools and industry. At the local level, colleges have established comprehensive advisory councils made up of private-sector executives who help shape programs for employment and economic development. At Colby Community College (CCC), a BIC could help: (1) establish CCC as the primary vehicle in training, retraining, and upgrading the local workforce; (2) reduce employer training expenses; (3) facilitate the use of business manpower and equipment in occupational training; (4) reduce the number of business failures in the CCC service area; and (5) enhance college support. A first step in forming a BIC at CCC would be to establish an economic profile of the service area and determine currently existing linkages with the private sector. Subsequent activities would include in-house surveys of specific training programs, the establishment of an Economic Development Advisory Committee, a BIC event explaining the advantages of contracting with CCC for employee training to local business leaders, and follow-up contacts. Media attention and support from the college faculty would be essential for the success of this venture. (DAB)

Awareness to Action

ED 237 733

ABSTRACT

Macomb Community College in Michigan emphasized a commitment to economic development in an effort to combat a failing economy and falling resources for college funding. The college started by forming an internal task force to determine what alternatives were available to meet existing needs, then hosted two meetings focusing on economic development for local government and business leaders. As a follow-up to these activities, workshops on economic development for local officials were conducted. In addition, the college redirected the emphasis of its continuing education department to professional development courses rather than recreational and home management courses. The college president and faculty members were involved in community networks and could take action to meet needs, For example, the college became involved in Comprehensive Employment and Training Act (CETA) activities and custom-designed training programs for industries such as Volkswagen and Hydea-matic. These contacts led to other networks of people who needed programs, could create jobs, or could provide input on job training. The last key element in the effort was Macomb's Center for Community Studies that provided survey research capabilities to the community as well as consultative services to local government and businesses. From an awareness of the problems of the community and a commitment to meeting needs on the part of the whole staff, the college has been able to take action to solve problems, to serve people, and to keep itself a viable and respected institution. (KC)

Small Business and Economic Development in Macomb County
ED 233 183

ABSTRACT

This study examined the economic development role of small businesses in Macomb County, Michigan, in order to identify those businesses which are most significant in terms of their contribution to economic development and, which therefore, would warrant public support for their retention and growth. Using these criteria, the study isolated the role played by the tool and die, machine making, and fabricated metal parts industries. In addition, the study considered the significance of administrative and auxiliary businesses, the coordinating and research arms of manufacturing industries in Macomb County. While the latest economic census of Macomb County private businesses revealed that these areas have suffered a relative deline over the past 7 years, considerable amounts of wages are still earned in these industries. Although service sector employment (a low-wage industry) has grown, the manufacturing area still accounts for a majority of the wages earned in Macomb County. The study concluded, therefore, that the economic development of Macomb County would best be served by retaining and expanding these high-wage industries. The study suggested several ways of implementing this goal: first, the establishment of a county-wide technology center that can conduct research and aid in developing the necessary machinery to enable the metal-bending industries to remain competitive; second, the establishment of an import-export center that can aid these industries in penetrating foreign markets; and third, the application of job training funds to the needs of individuals within these industries. The study anticipates a key role for Macomb Community College in working with government, business, labor, and the community to rejuvenate and retain the metal-bending industries. (Author/KC)

Technology Transfer
Sandia National Laboratories

Sandia has an active program for transferring tax-funded technology to private enterprize universities and state and local government. The Technology Transfer and Management Department is the contact point for the program.

Technological activities and acconplishments are reported in Sandia Science News, which is published periodically by the Public Information Division.

Sandia maintains a strong research support group. The following examples indicate the breadth of that activity:

- Solid State Sciences
- Materials and Process Sciences
- Nuclear Fuel Cycle
- Engineering and Mathematical Sciences
- Energy Resource Development
- Pulsed Power Sciences

Technology Transfer Contact
Robert P. Stromberg
Technology Transfer and Management Dept. 4030
Sandia National Laboratories
Albuquerque, NM 87185-5800
(505) 844-5535

Utilization of Federal Technology from Procurement Centers in Texas by Texas Association of Private Industry Councils

Under the terms of the Stevenson-Wydler Technology Innovation Act, the Department of Defense and the other federal agencies with active research and development programs have a responsibility for identifying technologies having potential commercial or practical applications. The agencies and their laboratories also encourage the transfer of new technology to civilian commercial uses.

There are two sources of technology assistance to community economic development organizations and their client firms.

First, the Center for the Utilization of Federal Technology (CUFT) is organized to alert U.S. industry to selected federal technology development having immediate practical value. CUFT publishes an annual catalog of more than 1,200 new technologies with potential commercial application and an annual catalog of federal patents and technologies available for licensing. CUFT also publishes a Directory of Federal Technology Resources, an easy to use guide to scientific and technical resources provided by the federal laboratories and agencies.

Second, the Federal Laboratory Consortium for Technology Transfer (FLC) is an organization made up of more than 300 federal laboratories and centers. The technology transfer representatives at the member laboratories form a national network with direct access to virtually every aspect of unclassified research activity within the federal government. The technology transfer representatives can assist in transferring domestic technologies from the federal government level to both the private sector and other levels of government.

FLC laboratories represent a broad spectrum of scientific and technology endeavors. Examples include: aeronautics, chemistry, computers, electrotechnology, energy, environmental pollution and control, materials sciences, medicine and biology, agriculture, ocean technology, and transportation. The FLC regional coordinators can open the FLC network for specific business inquiries on behalf of the client's firm. The FLC regional coordinators are identified in the paper. Federal technology catalogs with prices and order numbers are also listed.

College-Based Managerial and Technical Assistance for Small Business

by David B. Roitman, James C. Emshoff, and Richard B. Robinson, Jr.

from Journal of Small Business Management

Small technology-based firms need new sources of management and technical assistance (MTA), including: (1) management assistance, especially with business and financial planning; (2) technical assistance, which provides access to technological information, state-of-the-art research on product development, and access to laboratory and computer facilities; (3) help with an evaluation system for new product ideas; and (4) assistance in identifying sources of risk capital and communicating ideas to these sources.

Smaller institutions are in many cases better suited for this task than larger institutions. Both business and academia are responsible for slow utilization of this area. Some innovative related research may not be publishable--a frequent prerequisite for academic research endeavors.

Most businesses surveyed viewed colleges as effective sources of managerial but not necessarily technical assistance. However, when presented with a specific service by interviewers, the executives indicated a strong expectation that colleges have the ability to provide both managerial and technical assistance.

The results of this study strongly suggest that highly specific descriptions of each assistance service should be prepared when implementing any MTA program. Use of existing associations (like Chambers of Commerce and trade associations) for publicity is recommended. (1) Programs should be established as nonprofit corporations with an identity separate from that of their college affiliates. This should help to change the "ivory tower" image and lend the program credibility. (2) Programs should use both faculty and retired (volunteer) executives as consultants to help project a "real world" orientation. (3) MTA programs should apply an objectives-oriented, deadline conscious consultation strategy. (4) The consultation strategy should also stress the "partnership" between consultant and client rather than "expert advice."

MTA programs are an especially attractive contribution to the solution of management and technical development problems of small firms.

Small Business Meets Small Investor: The Astonishing Success of Ontario's SBDC Scheme
from Canadian Business, June 1983

Ontario's Small Business Development Companies have been astonishingly successful because of the tax incentives to the investors granted by the government. As an example, Millard Roth's Business Venturers, Inc., raised $2.6 million in capital from a group of 20 private investors, and Rodger Hall's Access Small Business Development Corporation raised its $750,000 from 30 individuals.

The SBDC program offers incentives that investors cannot get from conventional venture capital firms. Corporate investors, for example, get a credit against their provincial taxes equal to 30 percent of the amount they invest. For individual private investors, the incentive is even more attractive: a cash on the barrelhead, tax-free grant of 30 percent of the amount they put up, paid within 15 working days of providing evidence of the SBDC investment. They can then reinvest those grants to get more grants. Not surprisingly, $45.4 million of the $48 million in incentives paid out by the government so far have been cash grants to individuals.

Patricia Johnston, vice president of the Canadian Federation of Independent Business, said that it was far more beneficial than programs introduced in neighboring provinces that offer to match venture investments with low cost loans rather than provide grants or tax-credits. "Anyone who really knows the venture capital industry believes equity has to be financed with equity, not with debt, however cheap."

Incubators Give Boost to Entrepreneurs by Andrea Watson of the Times Harald Staff

Incubators are hatching all over Texas:

Advanced Dynamics Corp.	Arlington	1986	14,000 sq. ft.
Business Enterprise Center	Corpus Christi	1987	20,000 sq. ft.
Central Data Business & Tech.	San Antonio	1985	94,000 sq. ft.
Gulf Coast Small Bus. Dev.	Houston	1986	60,000 sq. ft.
Victoria Incubator Foundation	Victoria	1987	30,000 sq. ft.
Watson & Taylor	Mesquite	1988	60,000 sq. ft.

Small business incubators take in fledgling businesses and provide office space, shared-tenant services, and business development expertise. Most incubators provide state-of-the-art office equipment, secretarial services, and legal accounting assistance. Incubators may be backed by city governments, private corporations, academic institutions or community organizations. Some provide free services; others charge a small fee.

Robert McKinley, manager of Control Data Business and Technology Center, an incubator in San Antonio says, "It's a tool for economic development that every community could and should have."

Watson & Taylor in Dallas provides basic office space and equipment and expertise of lawyers and accountants in monthly seminars open to the public. The center has a referral service to local professionals for tenants who need one-on-one assistance with specific problems.

Monthly rent ranges from $95 to $185 and covers 50 free photocopies a month, local telephone lines, a tenant newsletter, use of meeting rooms and audio-visual equipment, and monthly workshops.

Tenants in the center are eligible to participate in a blanket, low-cost insurance policy. For an additional charge, the center provides 24-hour, take-home secretarial services and message service.

Control Data's Center says that 80 percent of businesses that start out with the help of an incubator survive.

Incubate and Flourish
The Economist, November 30, 1985

Aware of high business failures in the early years, the managers and owners of incubators give below-market rents, technical assistance, and business advice. After a certain time, on the assumption that they can survive by themselves, the new businesses have to leave.

In Bennington, Vermont, 1984, the incubator had so many graduates that there was no spare industrial space left in Bennington County.

Entities the start incubators are towns to create jobs, universities and their professors hoping to exploit commercially the research and technology they have developed on campus, private developers and venture capitalists wanting tenants in and profits out of rehabilitated buildings, and private companies wanting to develop new business.

Incubators are not immune to failure. Poor management, lack of capital, and flawed projects have killed projects.

Venture Capital Clubs
by Lori Ioannou
Venture Magazine, September, 1984

The new breed of Venture Capital Clubs not only welcomes venture capitalists but also entrepreneurs, investors, corporate managers looking for entrepreneurial jobs and service providers. These include financial strategists who help write business plans, lawyers who introduce entrepreneurs to investors, and accountants who have a handle on small business financial forecasting. The camaro device is crucial to the entrepreneurship process. "Entrepreneurs need to be able to easily access support services. They also need mentors-entrepreneurs who have made it," according to Lori Ioannou.

The new clubs have a relatively open membership and a meeting format that encourages interaction among members. Yearly membership fees, ranging from $75 to $225, generally cover monthly lunches, speakers, and newsletters. The format is simple. Typically, members rub elbows during a 20-minute cocktail period, after which they sit randomly at luncheon tables. Each writes his or her name, business affiliation, and phone number on sign-up sheets. This enables participants to contact an interested party after the meeting.

The highlight of most meetings is the "Five-Minute Forum," a microphone is passed from table to table, and everyone nervously makes a 60-second announcement about what he wants. An inventor may describe his latest innovation, an out-of-work executive may announce his availability, and a venture fund representative may present the kinds of investments the fund seeks.

Venture Capital Clubs have been very successful in the state of Connecticut. Estimates put most club membership at 30 percent entrepreneurs, investors and service providers, and 10 percent job candidates. In addition to money, entrepreneurs benefit from contacts. Venture capitalists are also "high" on clubs because their membership allows them to broaden their contacts. Many service providers who join a club attract a slew of clients. Some clubs, in fact, discourage service providers from membership.

New Venture clubs are "hot." The key is maintaining a steady stream of entrepreneurs. There has to be enough of an entrepreneurial mass to keep a venture capital community participating.

East Texas Venture Capital Group, Inc.
Not-For-Profit Bylaws Included

For-Profit VCE
Not-For-Profit VCE

Loan guarantee VCE similar to SBA loan was used as a lender of last-resort financing for exceptionally promising but risky ventures.

A. Project must create or preserve jobs in the area of a 50 mile radius (Golden Circle Fund--Des Moines, Iowa, effort).

B. Majority of the borrower's new business must be done outside the area to bring money into the region.

This fund guarantees loans between $50,000 and $250,000. By comparison, SBA guarantees go up to $500,000.

SBA charges a one-time 2 percent fee on the principal when backing a loan; the Golden Circle Fund charges an annual "success fee" for the term of the loan. That fee is intended to defray the cost of administering the program and to replenish the fund. In addition, the fund charges an annual "participation fee" of between 3 percent and 4 percent. The stiff charge is intended to get the borrower to release the guarantee or restructure the debt when he is able to so that the money can be used to guarantee another loan and get another business going. The loan review committee is comprised of 11 members. Only three are bankers; the remainder are corporate contributors, accountants, and entrepreneurs.

One other source of funds besides borrowing is issuing stock. Often that means stocks sold for as little as a penny a share. Twenty or so new issues of underwritten penny stock securities come to the market each week. Penny stocks are those offered at less than $1.

One of the leading penny stock firms (one that will underwrite an issue on little more than an idea) is Brooks, Weinger, Robbins & Leeds of New York. Brooks, Weinger underwrote Nastech Pharmaceutical in return for warrants giving it the right to buy 10 percent of the shares at a premium of 20 percent more than the price to the market.

Another underwriter who will fund a start-up "if it's unusual" is Lowell H. Listron of Kansas City, Kansas. He prefers issues he can price at about $5 a share.

Venture Capital Exchange

Purpose

Essentially to introduce those in need of equity capital (entrepreneurs) to those who have such capital (investors).

VCN of Texas: Not-for-profit computerized source for matching entrepreneurs and investors together.

Investors and entrepreneurs complete a questionnaire/application that profiles their business and investment criteria. All properly completed applications are accepted. There is no prescreening. For each match the investor is mailed a copy of the entrepreneur's information for review. If there is an interest, the investor notifies VCN; and then both the investor and the entrepreneur are mailed each other's contact data.

VCN of Texas investors are required to certify that they are accredited investors as defined in Rule 501 of the SEC's Regulation D (Rules Governing the Limited Offer and Sale of Securities under the Securities Act of 1933) or have knowledge and experience in finance and business matters, as specified in 506 of Regulation D.

Entrepreneurs requiring equity-type financing ranging between $5,000 and $200,000 are most likely to benefit from participation.

Cost: There is a 12-month subscription fee of $100 for each entrepreneur and $200 for each investor. The fees are submitted with entrepreneur and investor applications.

All information is held confidential.

VCN of Texas
P.O. Box 1628
San Antonio, TX 78296

Finance: The Best Loan Program in Town
Inc. Magazine
August 1986

Certified Development Company Program or Section 503 Program.

The purpose is to provide small businesses with capital for "plant acquisition, construction, conversion, or expansion."

To qualify a company must be a for-profit business with a net worth of less than $6 million and have an average net profit, after taxes, of less than $2 million during the previous two years.

In most cases the business owners put up equity equal to 10 percent of the package. The bank supplies 50 percent with a first mortgage at market rates. The remaining 40percent (up to $500,000) comes from the sale of SBA-guaranteed debentures at the current Treasury rate plus administrative fees. The proceeds are then reloaned to the company in exchange for a fixed-rate second mortgage extending up to 25 years (current rates less than 9 percent).

Why aren't more companies using these funds? It often takes as long as a month longer to close a 503 deal as it does to secure another type of SBA-guaranteed loan. So for a $500,000 deal, the fixed rate feature may not be worth the time and effort. Once an entrepreneur gets up to around $1 million, it probably is.

National Entrepreneurship Education Forum.
Proceedings of a Conference
(2nd, Columbus, Ohio, September 5-6, 1984).

ED 262 153

ABSTRACT

These proceedings include the texts of papers and group discussions presented at a national forum on entrepreneurship education. Included in the volume are the following presentations: "Welcoming Remarks--National Entrepreneurship Forum" by Robert E. Taylor; "Critical Issues Surrounding Entrepreneurship Education--Present, Past, Future--A Federal Perspective" by Robert M. Worthington; "Franchising: The Beginning Entrepreneur's Training Ground" by Andrew Kostecka; "The Importance of the Small Business Sector to the American Economy" by Frank Swain; "Meshing the Federal, State, and Local Initiatives" by Charles Liner; "An Educational Program for Minority Business Development" by John Russell; "Resources Available to the Entrepreneur" by Donald M. Clark; "Resources Available to the Entrepreneur" by Mary Hanrahan; "How Can We Get Support for Entrepreneurship?"--a panel discussion by Betsy Schwammberger, Mary Anderton Williams, and Ed Davis; "Resources Available to the Entrepreneur" by Carol Eliason; "Project to Promote Economic Development through Entrepreneurship Education and Training" by Jerry Davis; "Group Model Programs" by Betsy Schwammberger; "Entrepreneurial Training: Tapping Community Resources" by Barry Palmer; "The Pennsylvania Small Business Development Centers: A Unique Resource for Small Business" by Susan M. Garber; "Entrepreneurship Training and Education in Minnesota" by Lynda Rago; "Identifying Entrepreneur Characteristics" by James W. Kunz; "Collaboration Model--JTPA and Vocational Education" by Darrell L. Parks; "Incubation Models" by Marj P. Leaming; "How I Became an Entrepreneur" by Graydon Webb; "What We Know about the Entrepreneur" by William Dunkelberg; and "Educating and Training the Potential and Existing Entrepreneur"--a panel discussion by David Gillette, David Harriman, and John Frazier. A description of the Minnesota Small Business Management Program and a series of self-discovery instruments are appended. (MN)

Project NEED IT.
New Enterprise and Economic Development Initiatives Today
(Hartford, Connecticut, August 11-12, 1983).

ED 246 177

ABSTRACT

A conference dealing with new enterprise and economic development initiatives today, Project NEED IT was designed to familiarize decision makers at all levels of the public, private, and educational sectors with the best new enterprise development projects being carried out in the United States today. During the conference, a series of papers and discussions focused on methods for launching innovative technology-based enterprises, ways of identifying and training potential entrepreneurs, means of helping minority group members and women to participate in entrepreneurship, procedures for starting a financing program, ways to finance for growth, proven techniques for strengthening entrepreneurs' management and technical skills, methods for helping firms explore entrepreneurial markets, and public and private partnerships. (This report comprises a discussion of Project NEED IT, a Project NEED IT conference agenda, a list of conference speakers, and profiles of 24 organizations manifesting exemplary strategies for accomplishing the eight entrepreneurship objectives and goals addressed during the conference.) (MN)

VIII D. SYNOPSES OF THE LITERATURE OF JUSTIFICATION OF COMMUNITY/JR. COLLEGES IN ECONOMIC DEVELOPMENT

The Expansion and Location of Service Industries for Texas by Texas Economic Development Commission, Bob McKay, Ph.D., September 1985

The stability and health of the U.S. economy is increasingly tied to the performance of the service sectors. By early 1980s, approximately two-thirds of the U.S. GNP was generated by services, and more than 70 percent of employees held service jobs. The recession of the early 1980s devastated many manufacturing sectors while most service sectors continued to expand.

Gruenstein and Guerra (1981) concluded in a Federal Reserve Bank of Philadelphia study that "the service sector's growth is not merely parasitic on manufacturing but is a dynamic force for economic development in its own right."

The article states that today service industries are the primary generators of wealth for many cities. Many of the services which are most exportable have been created only recently. The distribution of population is a less reliable indicator of the location of producer services; the pattern of employment is more important. Other factors important to the location of service industries include access to communication and transportation networks, the availability of skilled labor, and the availability of specialized buildings.

In a study conducted by TEDC, it was determined that the most important location factors for service firms were market factors, state tax structure, and community receptivity, in that sequence. It was interesting to note that the same factors were also important to manufacturing industries.

The most important implication of this study is that economic development efforts should be directed toward service industries as well as manufacturing.

Decision Makers
by Dale Parnell
A.A.C.J.C. Journal Dec/Jan 1987-88

America is facing economic setbacks; at the same time, it has entered a period of great opportunity. The effective use of technological and human resources can revitalize the American economy and improve international competitiveness. The key that will turn America around is education according to U.S. Senator Terry Sanford (past Governor of North Carolina).

A new economic development triangle is emerging with research universities at one point, employers at another point, and community colleges at the third point to produce a well educated work force.

In North Carolina the colleges are leading the way in shopping that state's goals for economic diversification.

The continual advance of high technology creates a challenge for postsecondary institutions to be the extension agent for business and industry. It requires keeping faculty up to date, acquiring the latest equipment, and providing programs for training new workers as well as upgrading present workers.

The Department of Labor says that 75 percent of all job classifications in the future will require some form of postsecondary education (but not necessarily a baccalaureate degree). Shortages are developing in critical skills such as computer science and engineering.

Corporate/Education Partnerships Foster Community Economic Development and Job Training

by Kate Gildon and Mary Gray

The critical stage has been reached in staffing schools in the disciplines of mathematics and science. The industry/educator partnership can address this shortage by encouraging a short-term commitment by business to release scientists, mathematicians, technicians, engineers, and other critically needed personnel for "temporary duty away" in the academic community. There is a recognized need to blend the abstract (theoretical) with the practical.

Coming changes will force people to seek retraining again and again.

A delivery system must be developed that will provide these industry/educators a comfort zone when they enter the academic world. Instructional and classroom management strategies that can be quickly integrated into their presentations will make them more confident and effective.

Specific behaviors, as well as strategies, have been identified for effective teaching performance in the classroom, and it would seem that inclusion of this information in a workshop or seminar format would be critical to the success of the industry/educator.

Florida Performance Measurement System includes a knowledge base of six recommended areas of teaching:

1. Planning for Instruction
2. Management of Student Conduct
3. Instructional Organization and Development
4. Presentation of Subject Matter
5. Communication: Verbal and Nonverbal
6. Evaluation of Achievement

A review of these concepts will aid in developing the necessary "delivery skills" for the content-strong industry/educator as he/she functions in the formal school setting.

Colleges in South Must Get Involved in Economic Development If Region Is to Become More Competitive

The Chronicle of Higher Education
by Jennifer A. Galloway

Studies by The Southern Growth Policy Board and the Southern Governors Association stressed that higher education systems in the South must become more involved in economic development.

While higher education can be the power station that energizes an entire society, with a few exceptions, the South has an inadequate system.

The reports concluded that state governments should help colleges reduce duplication of programs, establish ones that meet industry needs, and determine appropriations for higher education based on institutional performance, rather than on enrollment. States should create joint university-business centers to conduct research and help local businesses. The report also calls on states and universities to increase support for research, expand remedial education, provide more money for aid to minorities and rural students, direct federal funds for vocational education to community colleges, and reinstate foreign language requirements for most students (Americans are handicapped when they cannot communicate with foreign trade partners).

Joining Others for Community Economic Development

by Joseph A. Borgen and William B. Shade
New Dir Community College, Volume 45:43-57, 1984

Economic development is defined differently by different people. Primary economic jobs are those which create wealth and can be referred to as "value adding." Examples are manufacturing, farming, mining, and forestry. Secondary economic jobs exist in an area due to the money circulating from primary employment, which includes retail, banking, auto sales, education, construction, health services, and professional services.

Will this country recycle back and exceed past economic levels as in the past? Not necessarily so. After World War II the U.S. was the major undamaged free country in the world. Its cities and factories were not destroyed. This nation also had a very small loss of manpower compared to the rest of the world. As a result, the U.S. entered a tremendous economic boom because of a lack of international competition. The cost of products did not produce inflation during the 50s and 60s because there were productivity increases in the magnitude of 3.5 to 5 percent a year. During this time Americans also were spending a great deal of money rebuilding both Europe and Japan.

Recent history shows that the U.S. is now experiencing a great deal of competition from the rest of the world. Instead of a 3-5 percent increase, productivity declined in the 70s and 80s. The per-capita gross national product has fallen to tenth among all nations, down five slots in one year. Now competition is in international markets with economies that built most of their plants substantially after World War II.

In short, American producers cannot take for granted that they will automatically come back into a growth or expansion period on the "up" side of the cycle.

Politically moods must change. Those who hope to see profit gains in this country must begin to focus on the creation of wealth (i.e., economic development) and to turn away from the preoccupation with the distribution of wealth that has been characteristic of the last three decades.

Why Strengthen Economic Development Efforts:

1. Regain lost primary jobs. U.S. Chamber of Commerce estimates that 100 manufacturing jobs mean about $1 million in annual bank deposits, $250,000 new car sales, $300,000 annual grocery sales, and 40-60 additional jobs in the community.
2. Spread the tax base.
3. Broaden the economic diversity of the area.
4. Provide employment opportunities.
5. Avoid depending on chance that the economy will improve.

Terre Houte, Indiana's effort involved high school students in a project. It was felt that the project involvement increased students' awareness of the need for early career planning and maximized the effectiveness of high school career counseling and career exploration.

The American Seminar III Community, Technical, and Junior Colleges: Key Partners in Economic Development

A.A.C.J.C. Journal Dec/Jan 1987-88

The Industrial Revolution, as powerful as it was, pales in comparison to the changes facing the American work force, as the year 2000 approaches. Workers, business, and industry will be required to keep up with technological advances and international competition.

This article covers a video teleconference of colleges' addressing the need for a competitive work force.

By the turn of the century the work force will grow only 1 percent per year, down from the current 3 percent annual increase. The work force is also growing older each year, as the American birthrate declines. At the same time 80 percent of those joining the work force will be from traditionally disadvantaged groups--women, minorities and immigrants -- who will need much job training. The focus of the future will be not only training but also retraining workers for a variety of new skills over the course of their careers.

Ohio Governor Richard Celeste discussed his state's efforts: Colleges primarily are involved in training while their Thomas Edison Program takes high technology and commercializes it at applied technology centers on six Ohio campuses.

Robert Scott of North Carolina System of Community Colleges urged the colleges to realize that the future students will have needs different from today's clientele and to advocate the idea that literacy is not only the ability to read, write, and compute but the ability to learn and unlearn.

Economic Development: Commitment, Communication, Coordination

Presented at National Council for Occupational Education

by Carol S. Sanders

The economic development concept comprises numerous elements. There are three major goals of economic development: (1) human development, (2) job development, and (3) community development.

Business, industry, labor, government, and education can no longer operate independently to achieve economic growth. Given the necessity for economic growth during this time of declining resources, efforts need to be planned, organized, and coordinated to improve economic conditions.

Organizationally, the top economic development administrator of the college should report directly to the college president to ensure peer-level interest and influence with business executives and government officials. Close ties with the community will assist the college in gaining credibility with the other community leaders who are concerned about the retention, expansion, and attraction of business and industry.

All must understand that economic development, as a process, is ongoing and that patience and perseverance are usually the rule. Many times the benefits of economic development activities may not be realized for years to come.

Putting America Back to Work: Role of the Community College
ED 243 517

ABSTRACT

Community colleges have the opportunity to systematically link their mission and role to national economic purposes and human resource development strategies. To take advantage of this opportunity, community college leaders, at the national, state and institutional levels, must be willing to commit to a new understanding of the roles these institutions must play in the post-industrial, high-technology society. In fall 1981, in an effort to formulate a national two-year college strategy in the area of career education/training and to link two-year colleges to the emerging national economic agenda, an American Association of Community and Junior Colleges (AACJC) task force was formed to address the prospects of "Putting America Back to Work," through, for example, the development of a National Small Business Training Network, work to improve communications about and understanding of the Job Training Partnership Act, and a Kellogg Foundation initiative designed to provide assistance in building a network of public and private sector organizations committed to human resource development. Future steps of community colleges should emphasize: (1) the goal of excellence and the achievement of high standards; (2) improved worker productivity and related work habits; (3) institutional change and adaptation in support of the nation's economic development agenda; (5) high technology applications and careers; and (6) the educational applications of technology, computers, microwave transmission, and other tools. (LAL)

Economic Development and the Community College.
Research and Development Series No. 251.
ED 256 932

ABSTRACT

This report looks at what two-year postsecondary institutions can do as participants in economic development at the local, State, and National levels. Chapter I capsulizes definitions and issues, examines how most two-year colleges view the economic development thrust, and gives an overview of the basic approaches they take. To investigate local approaches, chapter II surveys five leaders in one sample state (Iowa) in which community colleges participate actively in local economic development strategies. It offers a consensus opinion on what guidelines a community college should follow when becoming involved in local economic development efforts. Chapter III focuses on how community, junior, and technical colleges work together at the State level to pursue economic development in States with varying emphases and levels of commitment to organized economic development. Relevant activity at the National level is also reviewed. Chapter IV contains practical information and ideas in the form of case studies of seven projects undertaken by community colleges to advance economic development at all three levels. Chapter V summarizes crucial information. Appendixes include a model industrial/commercial retention survey, listing of professional and trade associations, National Postsecondary Alliance Membership List for 1983-84, and a listing of additional resources. (YLB)

Economic Development through Education
at Maryland's Community Colleges.
ED 259 803

ABSTRACT

A study was conducted to identify the role community colleges have played in developing Maryland's economic resources. The study sought to determine: (1) what types of programs and courses had the community colleges created to serve local economic development needs; (2) how many students were involved in programs and courses related to job training for business and industry; (3) what kinds of formal and informal communications systems had the colleges developed with local business and industry; (4) did the colleges work with local and state economic development agencies in program and course development for existing businesses and in recruitment of new industry; (5) how were the colleges involved in retraining workers with obsolete skills; and (6) how were community colleges in other states involved in statewide economic development activities. The study methodology included a college survey requesting information on courses, programs, economic development activities, and relations with community businesses and agencies; interviews with personnel from eight community colleges regarding specific economic development activities; and a literature review and follow-up contacts to assess activities in other states. The report presents the methods and findings of the study, along with conclusions regarding the strengths and weaknesses of the community colleges' economic development role and recommendations. The survey instrument is included. (AYC)

Economic Development Grant Report, Fiscal Year 1985.
ED 267 862

ABSTRACT

A profile is provided of community college business centers and their activities conducted under economic development grants during fiscal year (FY) 1985. Following introductory remarks, section I provides a narrative description of the FY 1985 economic development grant activities, including industrial attraction, retention and expansion, customized job training, entrepreneurship training, contract procurement assistance, small business incubators, and employment training and job search services. Section II contains statewide summary tables, while section III presents comprehensive tables showing detailed data for each of the 38 community college districts involved in the grant activities. Highlighted results include the following: (1) community colleges provided training for 900 companies through 1,500 courses, serving 22,000 employees and contributing to the creation and retention of nearly 3,000 jobs; (2) over 22,000 potential and current business people were served through entrepreneurship training; (3) over 2,200 businesses were assisted in seeking federal contracts, yielding $6.3 million in contracts; (4) nearly 7,000 persons received employment training services to improve their job skills and to assist them in seeking employment; (5) 15 community colleges helped establish or operate small business incubators; and (6) nearly all community college districts were involved in industrial retention, expansion, and attraction efforts, which resulted in the retention of 700 existing jobs and the creation of 3,300 new jobs. (LAL)

Community Colleges and Economic Development. National Council for Occupational Education Monograph Series, Volume II, Number 3.
ED 278 441

ABSTRACT

A study was conducted by the National Council of Occupational Education to measure the extent to which community, junior, and technical colleges were engaged in economic development activities. A questionnaire was mailed to 1,144 colleges in March and April of 1986, requesting information on the types of economic development activities performed by the colleges and how important these activities were perceived to be. Study findings, based on a a 37.80% response rate, included the following: (1) 52% of the respondents stated that their colleges evaluated their economic development activities and 86% publicized their involvement; (2) 40% had developed and published mission statements referencing economic development; (3) 35% reported the existence of a policy and procedures for economic development; (4) 47% had designated economic development specialists and 77% encouraged faculty involvement in economic development; (5) 95% had established linkages with economic development agencies; and (6) 69.83% provided "quick start" training of employees of new and expanding businesses and industries. The survey instrument and detailed findings are appended. (LAL)

Putting America Back to Work:
The Kellogg Leadership Initiative.
A Report and Guidebook.
ED 245 738

ABSTRACT

As part of the American Association of Community and Junior Colleges' Putting America Back to Work Project, this monograph examines the economic climate of the United States and the role of the community colleges in economic recovery. The first sections outline the origins and initial activities of the Putting America Back to Work Project, which was funded by the Kellogg Foundation to identify ways community colleges could contribute to economic recovery and introduce college resources to the leaders of private business and industry, organized labor, government, and national associations. The next sections describe the nation's economy and workforce, focusing on: (1) trends in unemployment, federal deficits, personal savings, industry operating levels, factory closings, inflation, mortgage delinquencies and foreclosures, business and bank failures, and personal bankruptcies; (2) factors affecting the American workforce, e.g., adult illiteracy, worker dislocation, and obstacles to retraining and relocation; (3) structural shifts in the economy caused by the shift from an industrial to an information-based economy, changes in jobs, the use of robots, and the decline of steel and other smokestack industries; and (4) the nature and availability of jobs. An extensive list of possible activities for community colleges to pursue in economic and human resource development is followed by information and recommendations concerning strategic planning for partnership building. An annotated bibliography is included. (AYC)

Positioning Community Colleges
via Economic Development. ERIC Digest.
ED 269 115

ABSTRACT

Community colleges, because of their late arrival in the development of American education, have suffered from an image and identity problem since their inception. To deal with this problem, community colleges should position themselves as unique community-based service-oriented colleges and market a specific focus to the general public. The first and most important step in the positive positioning of a college involves a commitment from top administration to a strategic marketing process that includes a clear focus of institutional mission, a clear understanding of whom the college serves, and precise knowledge of what makes its services unique. Throughout this positive positioning process, community colleges must view themselves as part of the mainstream of their communities and develop programs and services to meet the identified needs of their external publics. One fundamental and natural connection between colleges and their communities is in the local economy. This connection should be used as a major vehicle for positioning community colleges in the public's mind as a respected and integral part of society. A positioning strategy related to economic development would involve the following steps: (1) the college president must believe in and gain acceptance for the

marketing mission; (2) a strategic action plan must be developed with input from internal and external publics; (3) the college must get involved with its community's economic development and chamber of commerce activities by, for example, developing a small business assistance center, assisting in visitation teams to compete for relocating industry, customizing industry-specific training programs, and publicizing the college's role in these activities; and (4) the college must follow through with its commitment and develop a reputation for integrity, responsiveness, and cooperation. (RO)

IX. RECOMMENDATIONS

IX A. RECOMMENDATIONS FOR STATE ACTION

1. Community and junior colleges are an appropriate and useful means of providing a wide range of economic development services. Texas should organize a statewide network of business assistance centers for economic development with community colleges at the forefront of the effort.

   ADVANTAGES: 1. geographically dispersed
   2. low cost service provider
   3. not an "ivory tower" environment

   Program effectiveness will be enhanced by a multiyear state commitment to fund and to direct a coordinated program. We recommend that the State of Texas, following the model of the very successful Illinois State Network, commit to a specific line item appropriation of $3.5 million.

   The centers should be results oriented and fairly autonomous in their operation. The colleges in the network should be provided funding and guidance from the state level. However, this should be done, a manner that provides the flexibility needed to enable colleges to respond to local needs and that encourages innovative approaches.

2. Texas Capital Fund Project Design Recommendations

   a. Quantitative scores:

      (1) Cost per job.

      It is imperative that high technology projects be given an opportunity to compete in cost-per-job scoring. Presently, minimum wage jobs are encouraged by the standards set in the scoring criteria. Competitiveness in international trade can be accomplished only when state-of-the-art equipment is utilized to take the place of antiquated production methods in use worldwide. Estimates range from $50,000 to $100,000 per job in high technology facilities. In the cost per job category, instead of using TCDP funds per job created, use TCDP funds per amount of payroll dollars created.

      (2) Personal/corporate equity participation

      By the time a Texas Capital Fund application is made, the principal of the business/industry has been expended with every dollar available. It is unrealistic to assume a cash injection is possible. Forms of equity in the business, other than cash on hand, must be allowed.

(3) Leverage of private lending institutions

The ability of banks to loan money to business/industry for start-up or expansion purposes is virtually nil in Northeast Texas. The unemployment rate has been consistently the highest in the state in Morris County since 1982. Special conditions must be devised to encourage employers to expand opportunities in this area through international trade and sales outside of Texas. Funding for hard hit areas of the state should be more flexible in order to revive the economy.

b. Program income, principal and interest, should remain with the entity (city or county) for recapture and reuse in economic development activities as long as proof can be provided that the money is being utilized.

c. Texas is lacking in the ability to compete for projects with Louisiana, Arkansas, and Oklahoma. This region of the state is particularly vulnerable to lose projects to these border states. The incentives offered by these states and their response time is better than Texas. One way to help compete with other states is to speed up the implementation of the TCDP and awarding of funds. Texas is currently one full year behind Arkansas in administering their CDBG funds. Part of this "extra" year funding should be allocated to an "open window" Texas Capital Fund process to allow Texas to respond to project requests immediately and be competitive to other states' proposals.

3. Lobby for a relaxation of JTPA guidelines to enhance local control and to allow greater use of these funds for private sector job creation and retention initiatives.

4. Create a Texas Technological Development Authority to increase the rate at which new jobs are created in all regions of the state by stimulating the development of existing and new small businesses. The authority would be administratively located within the Texas Department of Commerce. The Authority would assist in the establishment of business incubator facilities

within the state by grants from public and private sources and cooperation agreements between local government, business, labor, and educational institutions.

5. Establish a small business information "hot line" within Texas Department of Commerce function as a clearinghouse for putting small businesses in touch with organizations able to provide needed assistance.

6. Provide incentives at the state level for major corporations operating in Texas to encourage their purchase of goods and services from rural small businesses.

7. To facilitate the formation of new businesses by female and minority entrepreneurs, create business outreach programs within the Texas Department of Commerce which target these individuals in research commercialization, technical assistance, and economic development/communications programs funded by grants administered by the TDC.

8. Create a vehicle, similar to the Ben Franklin Partnership "Challenge Grants" in Pennsylvania, that offers a matching grant program to university-based applied research projects funded by businesses, makes awards for education and training programs and entrepreneurial development activities, provides loans to small business incubators for feasibility studies and services, and establishes a pool of seed venture capital funds to match funds provided by private venture capitalists.

9. Establish a statewide community preparedness certificate program to recognize successful local efforts in organizing resources in order to respond effectively to the needs of business and industry.

10. Maintain leadership at the state administrative level of the Higher Education Coordinating Board and Department of Commerce which encourages increased involvement of community/junior colleges in economic development activities.

11. Form a Texas Technology Extension Service, modeled on the successful Agriculture Extension Service, to assist small businesses in updating production methods and processes to take advantage of the latest technology.

12. Modify the format of the Texas Directory of Manufacturers, published by the University of Texas Bureau of Business Research to include input requirements and 7 digit SIC code specificity. Utilize the community and junior colleges with their intimate acquaintance with local businesses to improve survey response rates.

IX B. RECOMMENDATIONS FOR COMMUNITY COLLEGES AND LOCAL ECONOMIC DEVELOPMENT EFFORTS

1. An absolute first step in building an economic development program at the community/junior college level is to obtain the strong support of the college president and board of trustees. There is a strong correlation between program success and the strength of this commitment. The administrator, charged with directing the economic development initiatives, should report directly to the college president.

2. Develop a strategic plan for building the college's economic development program.

    a. Invite representatives of the key players (identified in Section III of this report) to a planning meeting. Encourage key players to adopt a broad regional planning point of view for economic development activities.

    b. Identify the critical economic needs of the college's service area.

    c. Determine which programs (see Section II of this report) are designed to address those needs.

    d. Separate those programs already in existence in the region from those which are not.

    e. Discuss ways to network the key players to support existing initiatives.

    f. Prioritize the programs not currently offered in the region according to the urgency of the need addressed, their suitability for the college environment, and the availability and need for outside funding.

    g. Do not attempt to institute the entire program at once. It is critical that each component added to the economic development center's overall program be perceived as a success both internally and externally.

To see the result of this process in determining program priorities for the Business and Industrial Development Center at Northeast Texas Community College refer to pages 111 through 114 and pages 125 through 129.

3. Each college in its mission statement should define the scope of appropriate occupational education support for economic development in terms sufficiently broad to include both the traditional and emerging activities described below:

Traditional View - **Preparation of a well-trained work force fitted to the occupational needs of business and industry, i.e.,**

Customized job training - on demand, on site, rapid response

Entrepreneurship training for business owners and managers--workshops, seminars

Training and job search services for unemployed or underemployed

For credit academic program:

Prepare students for emerging technical occupations through broad based technology programs in community colleges.

Evaluate the basic literacy skills of the work force and conduct job related training to improve worker productivity.

Emerging View - **Support for programs which assist in job creation and retention, i.e.,**

Source of eligibility for federal and state grants to support economic development activities

Encourage faculty to volunteer expertise to business development programs such as SBDC and incubator

Source of local match money and inkind contributions for federal grants to support economic development activities

Provide administration, space, and equipment as the host organization

Encourage liaison between college administration and faculty in local community organizations concerned with economic development (i.e., Chamber of Commerce, Industrial Foundation, Private Industry Council)

4. Administer all economic development projects according to a management by objective format. Submit monthly reports to the college administration and the project manager of the state funding agency (see example Appendices N and O). A well-designed and effectively operating college-sponsored economic development program should

   * place all economic development projects under the administration of one umbrella organization.

   * quantify, record, evaluate, and disseminate information on the economic impact of the program. Communicate this data both internally and externally.

   * focus on developing partnerships with other key players and co-sponsoring certain events.

   * assume a leadership role only where the existing system has failed. Do not attempt what others can do better. Utilize existing private sector resources.

   * develop long-range and short-range goals with specific milestones by which to measure performance.

5. If colleges are to maintain a position of credibility, they must encourage their instructors to stay abreast of the ever-changing needs and technologies by spending time away from the classroom working in industry (summer jobs, special projects, etc.).

IX C. RECOMMENDATIONS FOR NTCC COLLEGE DISTRICT

The major economic development needs facing the Tri-County NTCC district (Camp, Morris, and Titus Counties) need to be identified and a systematic, realistic strategy developed to meet those needs. Such a strategic report would provide the necessary direction for the Tri-County community to pursue in promoting this area's economic base through attracting new industry, expanding of existing industries and commercial concerns, retaining existing businesses, expanding retail sales and services, and promoting tourism. This strategy needs to be developed and implemented, and the three counties with their respective cities need to be educated and prepared for economic development and then promoted and marketed as one attractive product.

Whereas the respective Chambers of Commerce in the cities of this area promote overall community improvement and perform some economic development functions, a more efficient and effective means to promote regional economic development needs to be established with NTCC's Business and Industrial Development Center at the focal point. A coordinated strategy must be developed involving a wide range of community leadership which will mobilize local resources and establish a more productive partnership between the various cities and between the public and private sectors. The preparation of this strategy would represent the first phase of a continuing process of promoting economic development.

This economic development strategy should be developed by a Tri-County Task Force or Joint Council for Areawide Economic Development. This group, consisting of area leaders, leading citizens, and college economic development staff should establish its goals and objectives and formulate a workable plan. The primary purpose of this group should be to reach a consensus on the needs and priorities for economic development and then develop strategies to meet those identified needs. Specific objectives should include:

(1) Identifying restraints to economic development and the means to overcome those restraint,s
(2) Developing a framework for better coordination of economic development activities in the three counties under the leadership of the BID Center,
(3) Educating the public about the process and the benefits of regional economic development, and
(4) Monitoring and evaluating success in carrying out strategies.

An economic profile of the Tri-County area should be prepared which would analyze trends in population, employment, income, trade, and the projected number of jobs that must be created if the area is to maintain a stable economic base and steady population growth. This economic profile will establish a proper context from which to identify the major needs of the region. The needs identification would best be accomplished by surveys, questionnaires, and work sessions involving approximately 50 community leaders from the three counties. This group should also be prepared to generate recommendations to address the identified needs, and these recommendations then should become part of the comprehensive strategy.

New Industry

Given: A community must have adequate resources to compete with other communities in attracting new industries, commercial concerns, and businesses. These resources include (but are not limited to) adequate information, funding, sites, cooperation, leadership, and business climate. A community must be packaged as a marketable product with emphasis on those factors which make it the best choice for a particular firm to select.

I. Need: A structure is needed for promoting the Tri-County area as an attractive place for development, increasing cooperation in the area, involving area leadership, and improving public awareness of the importance of economic development.

Recommendation: Establish a Joint Council or Task Force for Economic Development to provide a focal point for economic development activities in the Tri-Counties. The functions of this council would be to

1. Prepare and market the Tri-County area for economic development,
2. Educate the general public and the area's leadership about the process and benefits of economic development,
3. Provide a vehicle for coordination between the individual counties and cities as well as the private and public sectors, and
4. Support existing economic development efforts in the region.

This council should be composed of a cross section of the Tri-County public and private leadership. The council should have a professional staff person to coordinate and direct its activities. Funding for this position should be from public and private entities that will benefit from expansion of the economic base.

II. Need: The means to provide appropriate research, targeting, and materials to attract new industry must be developed.

Recommendation: The proposed council should provide the necessary marketing to define and promote the Tri-County area as one distinct economic unit. Such marketing functions would consist of

1. Research and data collection;
2. Developing and dispensing brochures, data packages, and site inventories;
3. Providing press releases and other communications on economic development within and outside the Tri-County area;
4. Organizing and training local leadership to provide the necessary teamwork and community representation;
5. Educating and training business people and private citizens, especially those who daily encounter the public, about their important roles in the overall economic development plan;
6. Seeking more support from the state and federal governments; and
7. Augmenting existing regional economic development activities.

III. Need: An adequate number and a variety of potential industrial sites and currently available buildings to show prospects must be maintained and readily accessible.

Recommendation: The acquisition, development, and location of sites and buildings should be undertaken by each city in the Tri-County area. Sites and buildings located outside the cities should be maintained and kept current by the respective county. The proposed council should assist each city by

1. Providing a comprehensive standardized format for site and building information;
2. Providing a central, highly accessible location for an areawide inventory of sites and buildings (see Appendix AA);
3. Assisting in acquiring funding;
4. Assisting in planning necessary and essential improvements; and
5. Marketing the sites and buildings.

Existing Industry

Given: A significant number of new jobs in a community are created through the expansion of existing industry; and, obviously, a supportive community is a key ingredient in the retention and expansion of existing industry. Additionally, owners and operators of existing firms should be principal parts of the process of attracting new companies; they can be the area's best spokespeople in persuading a new industry or business to locate in a given community. The Tri-County area must maintain a good business climate in which existing business and industry are comfortable and would prefer to expand rather than relocate elsewhere. Characteristics of a good business climate include: positive business-government and labor-management relations; reasonable taxes and utilities; available, productive labor; adequate educational, vocational, and recreational opportunities; adequate dining and lodging; a supportive community; and support by business and industry of the community.

Need: A framework is needed to improve community support for existing industry and for facilitating solutions for problems facing existing industry that prohibit or inhibit expansion or retention.

Recommendation: Establish an Existing Industry Council as a subcommittee of the Joint Council for Tri-County Economic Development to coordinate efforts to improve community support and to aid existing industries. This subcommittee should be composed of industry and nonindustry representatives, local governmental leaders, and the presidents of the Chambers of Commerce of the Tri-County cities. This subcommittee should survey needs of existing firms, identify products made and products needed by existing firms, conduct an industry appreciation program, conduct an industry visitation program, and assist in solving industry's problems to facilitate expansion.

X. BIBLIOGRAPHY

BIBLIOGRAPHY

The following reference works were relied upon, in whole or in part, to provide a foundation for the content and recommendations contained in this report. Bibliographic citations for the Small Business Reference Library shown on pages 117 through 124 are not duplicated in the list below, but may provide additional resource information.

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XI. APPENDIX

XI. APPENDIX

In an effort to conserve on the costs of reproduction and mailing, this document includes only the main text. Copies of the Appendix referenced herein may be obtained by writing the Texas Higher Education Coordinating Board, Community Colleges and Technical Institutes Division, P.O. Box 12788 Capitol Station, Austin, Texas 78711, or by calling (512) 462-6300.

Ask for the Appendix to the report entitled "A Model Business and Industrial Development Program For Community Colleges" prepared by Northeast Texas Community College in June 1988.

If interested in only a portion of the Appendix, readers other than Texas colleges may contact the Business and Industrial Development Center, P.O. Box 1307, Mt. Pleasant, Texas 75455 or call (214) 572-1911.

A MODEL BUSINESS AND INDUSTRIAL DEVELOPMENT PROGRAM FOR COMMUNITY COLLEGES

APPENDIX

Texas Higher Education Coordinating Board
Northeast Texas Community College

June 1988

XI. APPENDIX

A. SBDC GRANT PROPOSAL
B. PROCUREMENT CENTER CONTRACT WITH COG
C. FROZEN FOOD PROCESSING PLANT
D. SOLICITATION LETTERS FOR COMMERCIAL/INDUSTRIAL REAL ESTATE REFERRAL SYSTEM
E. TEXAS CAPITAL FUND APPLICATIONS; PROCEDURES AND APPLICATION PACKAGE
F. REVOLVING LOAN FUNDS; GENERAL INFORMATION
G. SBA LOAN PROGRAMS; GENERAL INFORMATION
H. TRIANGLE IN THE PINES PROMOTIONAL BROCHURE
I. RURAL LOAN FUND INFORMATION
J. URBAN DEVELOPMENT ACTION GRANT SUBORDINATED LOAN PROGRAM
K. TEXAS DEPARTMENT OF COMMERCE INDUSTRIAL REVENUE BONDS
L. FARMERS HOME ADMINISTRATION BUSINESS AND INDUSTRY PROGRAM
M. LIST OF PROCUREMENT CENTERS OPERATING IN TEXAS
N. PROCUREMENT CENTER MONTHLY STATUS REPORT
O. SBDC MONTHLY STATUS REPORT
P. SAMPLE ARTICLES OF INCORPORATION AND BY-LAWS FOR INDUSTRIAL FOUNDATION
Q. SAMPLE NONFINANCIAL AGREEMENT BETWEEN ARK TEX COUNCIL OF GOVERNMENTS AND NORTHEAST TEXAS COMMUNITY COLLEGE
R. SAMPLE NONFINANCIAL AGREEMENT BETWEEN PRIVATE INDUSTRY COUNCIL AND NORTHEAST TEXAS COMMUNITY COLLEGE
S. SUGGESTED QUESTIONNAIRES FOR NEEDS SURVEY AND COMMUNITY EVALUATION
T. SAMPLE OUTLINE FOR REVITALIZATION PROGRAM
U. RURAL RESOURCES: A HOW-TO-GUIDE FOR RURAL DEVELOPMENT ASSESSMENT (FISHER COUNTY, TEXAS)
V. DEVELOPMENT CORPORATION ACT
W. VENTURE CAPITAL EXCHANGE; SAMPLE PROFILES
X. BUSINESS NEEDS EVALUATION SAMPLE SURVEY DOCUMENTS
Y. PROCUREMENT CENTER MARKETING BROCHURE
Z. SBA LOAN APPLICATION EXAMPLE

Appendix A: SBDC GRANT PROPOSAL

OMB Approval No 0348-0006

FEDERAL ASSISTANCE

TYPE OF SUBMISSION (Mark appropriate box)

☐ NOTICE OF INTENT (OPTIONAL)

☐ PREAPPLICATION

☒ APPLICATION

2. APPLICANT'S APPLICATION IDENTIFIER
a. NUMBER
b. DATE Year month day 19

3. STATE APPLICATION IDENTIFIER (NOTE TO BE ASSIGNED BY STATE)
a. NUMBER
b. DATE ASSIGNED Year month day 19

Leave Blank

LEGAL APPLICANT/RECIPIENT
Applicant Name . Northeast Texas Community College
b. Organization Unit .
Street/P.O. Box . P.O. Box 1307
City . Mt. Pleasant
e. County Titus
State . Texas
g. ZIP Code. 75455
h. Contact Person (Name & Telephone No.) Dr. Jack L. Foreman - 214/572-1911

5. EMPLOYER IDENTIFICATION NUMBER (EIN)
75-1963242

6. PROGRAM (From CFDA)
a. NUMBER 5 9 . 0 2 7
MULTIPLE ☐
b. TITLE SBDC Management Assistance

TITLE OF APPLICANT'S PROJECT (Use section IV of this form to provide a summary description of the project.)

Business and Industrial Development Center

8. TYPE OF APPLICANT/RECIPIENT
A—State
B—Interstate
C—Substate Organization
D—County
E—City
F—School District
G—Special Purpose District
H—Community Action Agency
I—Higher Educational Institution
J—Indian Tribe
K—Other (Specify)
Enter appropriate letter I

AREA OF PROJECT IMPACT (Names of cities, counties, states, etc.)
Hopkins, Franklin, Titus, Morris, Camp, Wood, Marion, Upshur, and Cass Counties

10. ESTIMATED NUMBER OF PERSONS BENEFITING
150,000

11. TYPE OF ASSISTANCE
A—Basic Grant
B—Supplemental Grant
C—Loan
D—Insurance
E—Other
Enter appropriate letter(s) A

PROPOSED FUNDING

a. FEDERAL	$ 37,190	.00
APPLICANT	37,190	.00
STATE		.00
LOCAL		.00
OTHER		.00
Total	$ 74,380	.00

13. CONGRESSIONAL DISTRICTS OF
a. APPLICANT 1st District
b. PROJECT 1st District

14. TYPE OF APPLICATION
A—New
B—Renewal
C—Revision
D—Continuation
E—Augmentation
Enter appropriate letter A

15. PROJECT START DATE Year month day 19 87 09 01

16. PROJECT DURATION 12 Months

17. TYPE OF CHANGE (For 14c or 14e)
A—Increase Dollars
B—Decrease Dollars
C—Increase Duration
D—Decrease Duration
E—Cancellation
F—Other (Specify)
N/A
Enter appropriate letter(s) — — —

18. DATE DUE TO FEDERAL AGENCY ► Year month day 19

19. FEDERAL AGENCY TO RECEIVE REQUEST U. S. Small Business Administration
ORGANIZATIONAL UNIT (IF APPROPRIATE) Management Assistance
b. ADMINISTRATIVE CONTACT (IF KNOWN) SBA Project Officer
c. ADDRESS
1441 L. Street, N.W.
Washington, D.C. 20416

20. EXISTING FEDERAL GRANT IDENTIFICATION NUMBER

21. REMARKS ADDED ☐ Yes ☒ No

22. THE APPLICANT CERTIFIES THAT ► To the best of my knowledge and belief data in this preapplication/application are true and correct, the document has been duly authorized by the governing body of the applicant and the applicant will comply with the attached assurances if the assistance is approved

a. YES. THIS NOTICE OF INTENT/PREAPPLICATION/APPLICATION WAS MADE AVAILABLE TO THE STATE EXECUTIVE ORDER 12372 PROCESS FOR REVIEW ON. DATE ____________

b. NO. PROGRAM IS NOT COVERED BY E.O. 12372 ☐
OR PROGRAM HAS NOT BEEN SELECTED BY STATE FOR REVIEW ☐

23. CERTIFYING REPRESENTATIVE
a. TYPED NAME AND TITLE Wayland DeWitt, President
b. SIGNATURE

APPLICATION RECEIVED Year month day 19

25. FEDERAL APPLICATION IDENTIFICATION NUMBER

26. FEDERAL GRANT IDENTIFICATION

27. ACTION TAKEN
☐ a. AWARDED
☐ b. REJECTED
☐ c. RETURNED FOR AMENDMENT
☐ d. RETURNED FOR E.O. 12372 SUBMISSION BY APPLICANT TO STATE
☐ e. DEFERRED
☐ f. WITHDRAWN

28. FUNDING

a. FEDERAL	$	.00
b. APPLICANT		.00
c. STATE		.00
d. LOCAL		.00
e. OTHER		.00
f. TOTAL	$	.00

29. ACTION DATE ► Year month day 19

30. STARTING DATE Year month day 19

31. CONTACT FOR ADDITIONAL INFORMATION (Name and telephone number)

32. ENDING DATE Year month day 19

33. REMARKS ADDED ☐ Yes ☐ No

SBA

U.S. Small Business Administration
Grant / Cooperative Agreement
Cost Sharing Proposal

NAME OF GRANTING AGENCY
U. S. Small Business Administration

2. GRANT / CA NO.

3. ADDRESS OF APPLICANT ORGANIZATION
Northeast Texas Community College
P.O. Box 1307
Mt. Pleasant, TX 75455

4. PROJECT PERIOD [1]
FROM September 1, 198
TO August 31, 1988

5. TITLE OF PROJECT
Small Business Development Center, Management Assistance Program

6

(NAME OF APPLICANT ORGANIZATION)

Northeast Texas Community College proposes to share in the costs of this project during the project period specified above (or any subsequent revision of that project period) to the minimum extent of 50 % percent of the total allowable costs of the project.[2] It is understood that if the project period consists of more than one budget period, this minimum percentage will apply to the project period as a whole, but not necessarily to each budget period.

7. SIGNATURE AND TITLE OF AUTHORIZED GRANTEE OFFICAL
Wayland DeWitt, President

8. DATE
March 3, 1987

---

[1] The project period includes the initial budget period and the budget period(s) of any non-competing continuation grant(s)

[2] Total allowable costs of the project includes both costs charged to the Federal grant funds and costs contributed by the grantee organization, and will be determined in accordance with the cost principles designated by the granting agency

PART II

PROJECT APPROVAL INFORMATION

Item 1.

Does this assistance request require State, local, regional, or other priority rating?

______ Yes __X__ No

Name of Governing Body ______

Priority Rating ______

Item 2.

Does this assistance request require State, or local advisory, educational or health clearances?

______ Yes __X__ No

Name of Agency or Board ______

(Attach Documentation)

Item 3.

Does this assistance request require clearinghouse review in accordance with OMB Circular A-95?

______ Yes __X__ No

(Attach Comments)

Item 4.

Does this assistance request require State, local, regional or other planning approval?

______ Yes __X__ No

Name of Approving Agency ______

Date ______

Item 5.

Is the proposed project covered by an approved comprehensive plan?

______ Yes __X__ No

Check one: State ☐

Local ☐

Regional ☐

Location of Plan ______

Item 6.

Will the assistance requested serve a Federal installation?

______ Yes __X__ No

Name of Federal Installation ______

Federal Population benefiting from Project ______

Item 7.

Will the assistance requested be on Federal land or installation?

______ Yes __X__ No

Name of Federal Installation ______

Location of Federal Land ______

Percent of Project ______

Item 8.

Will the assistance requested have an impact or effect on the environment?

______ Yes __X__ No

See instructions for additional information to be provided.

Item 9.

Will the assistance requested cause the displacement of individuals, families, businesses, or farms?

______ Yes __X__ No

Number of:

Individuals ______

Families ______

Businesses ______

Farms ______

Item 10.

Is there other related assistance on this project previous, pending, or anticipated?

______ Yes __X__ No

See instructions for additional information to be provided.

NORTHEAST TEXAS SMALL BUSINESS DEVELOPMENT CENTER NETWORK

NTCC - SBDC

BUDGET EXPLANATION

PERSONNEL	FEDERAL	LOCAL	TOTAL
1. Area Center Director (100%)	$ 25,700	$ 1,800	$ 27,500
2. Secretary (50%)	-0-	7,000	7,000
3. Account Executives	7,000	-0-	7,000
Sub-Total Personnel:	$ 32,700	$ 8,800	$ 41,500
FRINGE BENEFITS @ 12% (exclude account executives)	$ -0-	$ 4,140	$ 4,140
TRAVEL			
1. In-Area/Local 6,000 mi/yr. @ $.23/mi	$ 1,000	$ 380	$ 1,380
2. Out-of-Area (3 quarterly meetings)	-0-	1,125	1,125
Sub-Total Travel:	$ 1,000	$ 1,505	$ 2,505
SUPPLIES AND MATERIALS			
1. Printing-2,000 brochures @ ave $.50/ea for training/mailers	$ -0-	$ 1,000	$ 1,000
2. Copier (photocopies @ .10/ea)	-0-	800	800
3. Books/Periodicals (Small Bus. Magazines, Management, etc.)	-0-	200	200
4. Office Supplies/Folders for seminars	-0-	500	500
5. Telephones	-0-	750	750
6. Postage (ave. 2,500 @ $1st class)	65	485	550
7. Computer use time	-0-	3,000	3,000
Sub-Total Supplies	$ ✓ 65	$ 6,735	$ 6,800

OTHER

1. Consultants/trainers	$ 2,500	$ 2,500	$ 5,000
2. Seminars (5 @ ave. $300/ea.)	-0-	1,500	1,500
3. Facilities ($10/sq.ft. x 1000 sq.ft.)	-0-	10,000	10,000
4. Equipment/Furniture	925	2,000	2,925
Sub-Total Other:	$ 3,425	$ 16,000	$ 19,425
SBDC TOTAL DIRECT:	$ 37,190	$ 37,190	$ 74,380
INDIRECT (Waived):	$ -0-	$ -0-	$ -0-
GRAND TOTAL:	$ 37,190	$ 37,190	$ 74,380

SPECIFIC BUDGET JUSTIFICATION

CATEGORY	JUSTIFICATION
PERSONNEL:	See Key Personnel.
TRAVEL:	
In-County ($1,380)	Account Executives and Sub-Center Director to recruit small businesses for SBDC assistance. Entails about 6,000 miles of automobile travel a year at $.23/mile.
SUPPLIES AND MATERIALS:	
Printing ($1,000)	Printing brochures to advertise NTCC-SBDC and to promote the available counseling and training programs. Approximately 2,000 brochures at $.50/each.
Copier ($800)	Reproduction of materials for counseling and training, approximately 8,000 copies at $.10/ea.
Books/Periodicals ($200)	Materials for resource and reference library at SBDC. Small Business Week, RMA, Dun and Bradstreet on Small Business, for example.
Office Supplies/ Folder ($500)	Start up costs for office supplies such as paper, file folders, stationary, pens and pencils.
Telephones ($750)	Telephone, telephone line charge, installation charge, and long distance charges.
Postage ($550)	Mailings to answer questions and solicit support for the SBDC. (approximately 2,500 letters at $.22/ea.)
Computer Usage ($3,000)	Charge for computer useage. Computers will be made available by NTCC.
CONTRACTUAL/OTHER:	
Consultants/Trainers ($4,000)	Private consultants and trainers for who will both train and lead special small business seminars and consult on an individual basis as needed.
Seminars ($1,500)	Five (5) seminars at $300 average each for miscellaneous training materials/rentals of Audio-Visual equipment, displays, etc.
Facilities ($10,000)	Office space approximately 1,000 sq. ft. at $10/sq. ft.

Equipment/Furniture ($3,400)	Start-up cost for new office:

4 chairs/desk @ $400/ea.	$1,600
1 typewriter	800
1 calculator	75
2 file cabinets @ $125/ea.	250
2 bookcases @ $100/ea.	200
	$2,925

All other furniture/equipment will be provided as needed.

AREA SMALL BUSINESS DEVELOPMENT CENTER

PROPOSAL AND PROGRAM PLAN

September 1, 1987-August 31, 1988

1. INTRODUCTION:

PART I

Need

The economy of Northeast Texas has long depended upon oil and gas production, cattle, timber, and (in the proposed service delivery area) oil country steel tubular goods. The decline in oil prices which has rocked the economy of the oil producing states has hit this area of Texas doubly hard. Residents have faced declining lease revenues and production royalties as well as jobs. Lone Star Steel, the area's largest employer, has seen employment drop from over 6,000 in 1981 to less than 1,000 currently.

The ripple effects of this decline are vividly demonstrated in the following unemployment rates for the period October 1986:

Morris County	27.0 %	Wood County	7.6 %
Cass County	13.5 %	Marion County	12.3 %
Titus County	11.4 %	Upshur County	10.5 %
Camp County	13.0 %	Franklin County	10.4 %
State of Texas	8.9 %		
United States	6.6 %		

Diversification

Historical reliance on a single large employer must be replaced by a belief in the strength and vitality of the small business. Overall, 2/3's of growth in jobs is expected to come from small business. In the small towns and rural areas, this dependency on growth in small business is even more pronounced.

Need can be measured in terms which more clearly express the human suffering brought about by economic stagnation. Already Morris County has seen a 20% - 30% increase in theft, burglary, domestic violence, and other criminal behavior. Out-migration from the area is not easily documented, but is a daily drain on the people resources and potential of the area.

There is an urgent need to break the cycle of despair by offering new and innovative solutions. Although most have accepted that the oil and gas industry no longer can be relied upon to support their lifestyle, an alternative has not yet risen to take its place. It is into this vacuum that NTCC must go.

PART II

Northeast Texas Community College's (NTCC) Master Plan for assistance to small business.

NTCC is keenly aware of its responsibility and opportunity to be the primary provider of assistance to small business in its service region. Although only in its second year of operation, NTCC has the following elements of small business assistance already in place.

A) Business and Industrial Development Center - Initially functioning only as a government procurement outreach center to assist small business in selling to the government, the Business and Industrial Development Center's ultimate purpose is to coordinate a multi-faceted program of aids to small business development. This service is provided to a 9 county area and has served over 50 clients in only its third month of operation.

B) Lifelong Learning Program - NTCC recognizes that most small businessmen and women are unable to devote the time required to undertake a full 16 week academic course of study. Therefore, a series of short courses limited to a single topic and completed in one or two meetings has been undertaken. Courses presented thus far have included: Franchising, Small Business Forecast, Marketing and Sales Promotion, Financial Reporting for Small Business, Cash Flow Forecasting, Legal Forms of Operation, 1986 Tax Reform Act, Inventory Control, Computers in Small Business, Office Procedures, Retail Sales Management, and Small Business Finance.

C) Credit Academic Program - NTCC is fully committed to a strong traditional academic program of studies in business.

The Small Business Development Center (SBDC) is the next logical progression of services offered by NTCC's Business and Industrial Development Center. Since the inception of the Business and Industrial Development Center, numerous businesses have requested advice and assistance which the center is not currently capable of offering. Inclusion of the SBDC's services described below would complement and enhance the small business assistance program already in place at NTCC.

Future

Recognizing that businesses are born and expand only when and where adequate financing is available, a venture capital exchange (VCE) can be a valuable service offered to the business community. Banks, in today's economic climate, insist on a strong owner equity position in any financial package. The VCE facilitates the construction of that position by soliciting private sources of venture capital, cataloging their investment guidelines and preferences and matching these available funds with the businesses which can provide the return on investment necessary for the continuation of the system.

The final component, perhaps the ultimate intervention by the public sector in privately owned business, is the business incubator program. In this program, the Business and Industrial Development Center would sub-lease office space to new businesses and provide an umbrella of clerical and technical support to leverage the meager resources of the new business.

Graduation from the incubator becomes an intermediate range goal as the new business becomes strong enough to compete without subsidized assistance.

2. PURPOSE AND SCOPE:

Working as an area sub-center under the Northeast Texas Small Business Development Center Network, the area subcenter has been designed to meet the specialized and complex management and technical assistance needs of the small business community in Titus, Morris, Cass, Camp, Franklin, Wood, Marion, and Upshur counties. The NTCC SBDC will focus on providing indepth quality assistance to small businesses in all areas which promote growth, expansion, innovation, increased productivity and management improvement. SBDC will promote local small business interests and will concentrate on developing the unique resources of the educational system, the private sector, and the state and local governments to provide services to the small business community which are not available elsewhere. SBDC will coordinate with other SBA programs of management assistance such as the Service Corps of Retired Executives (SCORE) and the Active Corps of Executives (ACE) and utilize the expertise of these affiliated resources to expand services and avoid duplication of effort.

3. PROGRAM OBJECTIVES:

The overall objectives of the SBDC program is to leverage Federal dollars and resources with those of the state of Texas, academic community, and private sector to:

(a) strengthen the small business community in the service delivery area;
(b) contribute to the economic growth of the local communities;
(c) make assistance available to more small businesses than is now possible with present Federal resources; and
(d) create a broader based delivery system to the small business community.

To accomplish these program objectives, the SBDC will pursue additional objectives which include but are not limited to the following:

(a) furnish one-to-one individual counseling for small businesses;
(b) provide training designed to improve the skills and knowledge of existing and prospective small business owners;
(c) conduct studies into technical and general small business problems;
(d) maintain and distribute current information on federal, state, and local regulations for small businesses in conjunction with the Center's programs;
(e) assist in technology transfer from existing resources to small businesses;
(f) provide a comprehensive information source specifically designed to inform and strengthen small businesses; and
(g) serve as a link between small businesses in the community and 1) legal associations, 2) financial and investment institutions, 3) private consultations/counseling, and 4) local and regional small business groups.

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4. ORGANIZATION AND TERMINOLOGY:

The applicant organization is Northeast Texas Community College's Business & Industrial Development Center. With financial assistance from the SBA, the Business and Industrial Development Center will operate a program of comprehensive small business management assistance. This program is referred to as the Small Business Development Center (SBDC). The Small Business Development Center network also includes other community college sub-centers which will receive funding through the Network Office to provide services to the Northeast Texas small business community. The SBDC is one of these "SBDC sub-centers" or "SBDC area centers". The combination of the Network Office and the SBDC sub-centers is referred to as the "SBDC network" or "NTSBDC Program".

5. PROGRAM OUTLINE:

The administrative services provided by the SBDC will include, but not necessarily be limited to: (1) program development; (2) program management; (3) public relations; (4) financial accounting; (5) reports management; and (6) internal quality control. Records shall be maintained indicating the Federal, State, local, and private resources available to the area SBDC and the types of services provided to clients.

To the extent possible, the SBDC will also make full use of other Federal and State government programs that are concerned with aiding small business. The Small Business Development Center will have:

(a) a full-time Director who will have the authority to make expenditures under the Center's budget, who will manage the Program activities and who will coordinate activities with the Network Coordinating Office as appropriate;
(b) access to business analysts to counsel, assist, and inform small business clients;
(c) access to technology transfer agents to provide state-of-the-art technology to small businesses through coupling with national and regional technology data sources; and
(d) access to information specialists to assist in providing information searches and referrals to small business.

6. PLAN OF OPERATION

This proposal details the operational characteristics of the Small Business Development Center, the services offered, and a plan of activity for the twelve month period beginning 9/1/87 or upon award.

The Business and Industrial Development Center of Northeast Texas Community College will provide the core administrative services to the Small Business Development Center.

The BID Center will provide a focal point for the coordination of federal resources and programmatic direction for the development and operation of the Small Business Development Center (sub-center).

A. Administration

The proposed SBDC will have a full-time Director, NTCC faculty or volunteer account executives and secretarial support for these executives as necessary for the adequate and appropriate functions of the SBDC. The Dean of Occupational Studies will serve as the Senior Administrator in order to establish the first year's operation and to give it administrative leadership.

The SBDC Director will provide program and fiscal oversight to the SBD Center (sub-center) to assure that the services provided and the financial records meet federal audit guidelines. The Director will review program goals and accomplishments with the SBA Project Officer and the Network Coordinating Office Director on a regular, but not less than quarterly, basis. There will be regularly scheduled on-site visits made to the SBD Center for the purpose of reviewing in-service training, materials, or other assistance as necessary. Deviations from planned accomplishments (milestones) will be reviewed with the Networking Coordinating Office to determine corrective action when appropriate.

The SBDC Director will attend quarterly meetings of all Area SBD Center Directors, in order to discuss the various programs, compare delivery methods, establish standards, share resources and any information that will benefit the general goals and objectives of the SBDC Network. Discussions will also include plans to develop and coordinate Federal, State, local governments; educational systems and private sector resources within the service delivery area to provide assistance to the small business community.

B. Reporting and Recordkeeping

Quarterly, annual, and financial reports on the entire program will be sent to the Network Director. These will include the following:

1. Quarterly Performance Reports: The SBDC will provide three quarterly programmatic reports to the Network Office during the course of the Agreement period. These reports will be submitted in an original and three copies. These reports will be submitted for review no later than the 20th day of the month following the end of the quarter. These reports will contain the following information:

   (a) Number of counseling cases completed (both short-term and indepth), number of training programs offered, and the number of attendees.
   (b) Number of clients assisted and number and type of training programs offered for special emphasis and SBA priority clients, i.e., exporters, minorities, veterans, women, SBA clients, handicapped, plus changes for attracting more clients if deemed necessary;
   (c) Any problems that may have significant impact on the program operation;
   (d) A description of the various personnel resources used by the SBDC to provide services during the quarter, and an indication of the extent used;
   (e) A description of the outreach efforts made by the SBDC to involve local government and private sector participation;

(f) A brief description of any research and/or publication activities, if applicable;
(g) A description of efforts to utilize private consultants, and an indication of Federal dollars expended to purchase private consulting services;
(h) Examples of assistance provided in which tangible results occurred;
(i) A brief narrative report on special or innovative activities of the projects undertaken which would provide useful information to other SBDC's; and
(j) Other information if requested by the Network Office.

2. Annual Performance Reports: The SBDC will provide an annual programmatic report to the Network Office. This report will be furnished in an original and three copies, and will be submitted to the Network Office no later than 60 days following the end of the year. Reports will include, but not be limited to, the following:

(a) An annual summation of the quarterly reports.
(b) A description of the new resources developed by the SBDC during the course of the agreement year.
(c) Other comments or items which would be important for the improvement of the SBDC Program.

3. Financial Reports: Financial reports in an original and two copies.

(a) Report of Federal Cash Transactions will be submitted on Standard Form 272 and Financial Status Reports will be submitted on Standard Form 269.
(b) Quarterly reports will be submitted no later than 20 days after the end of each quarter. Annual reports will be submitted no later than 60 days after the end of the budget period.
(c) A final close-out report will be submitted no later than 60 days after termination of the Cooperative Agreement.

4. Recordkeeping Requirements: The SBDC will maintain complete and accurate records and supporting documentation to support and facilitate a thorough financial and/or program audit.

5. Client Control Record: All client counseling interactions will be documented. These records will clearly identify the client; set forth the client's management problems; reflect the service provided; and project the client results anticipated.

6. Management Counseling Reports: The SBDC will be responsible for reporting all short-term and indepth counseling on SBA Form 1062 (revised). Copies of all actions on SBA-referred cases or SBA clients will be sent to the Network Office.

7. Management Training Reports: The SBDC will utilize SBA Form 888 to report small business management training programs, the numbers of attendees, and the attendee demographic data.

8. Daily Logs: The SBDC will also develop a log system which will list all contacts not included in SBA input documents. These contacts will include telephone and walk-in requests for information.

9. Client Evaluations: Follow-up information will be collected on clients who received 12 hours or more of reported counseling or at the end of any training event.

10. Evaluation: An evaluation will be conducted at least every two years, and will include the participation of an SBDC representative on a cost-reimbursable basis. The SBDC will cooperate with SBA and the Network Coordinating Office evaluation procedures and will furnish requested evaluation information.

The SBDC will establish financial cost controls to account for all expenditures of funds and to record all inkind and cash matching resources. The SBDC will provide to the Network Coordinating Office quarterly financial and program narrative reports as required by the SBA guidelines and federal management circulars.

C. Marketing Plans

The SBDC will develop a local area marketing plan with publications and notices denoting its services. Direct contact with small businesses will be a part of the marketing plan and carried out by the account executives.

D. NTCC - SBDC

A list of the SBDC closures is listed on page 12.

E. Counseling and Training

Individual counseling will be available to small businesses free of charge as of September 1, 1986. A variety of resources will be used for the individual sessions such as volunteers of SCORE (Service Corps of Retired Executives), and ACE (Active Corps of Executives) as well as private volunteer and paid counselors. Counseling will be available, depending on the resources of the area center, in such areas as:

(1) Business Start-Up Information - Acquisition counseling, loan applications, sources of financing, types of operating plans, feasibility studies, market research, government regulation, pricing decisions;
(2) Accounting, Recordkeeping, Financial planning;
(3) Organizational Planning - Recruiting, job design, motivation, monitoring, compensation, time management, types of organization;
(4) Computer Hardware and Software - Analysis of need, purchasing of equipment, evaluating software, use of software;
(5) Cost Control - Inventory control, purchasing techniques, cash planning, credit control, cash flow analysis;
(6) Distribution - Analysis and techniques; and
(7) Planning- Long and short range, analysis of trends.

In addition to counseling services, it is expected that training will be provided in the following generic areas:
- (a) Small Business Planning
- (b) Small Business Financing
- (c) Small Business Marketing
- (d) Small Business Advertising and Promotion
- (e) Small Business Personnel Practices

The Small Business Development Center may choose to expand, elaborate, or select among these categories depending upon the needs of its small business community. Training will normally be done in the form of seminars, classes, and workshops for which a registration fee will be charged. Examples of some of the training menu topics which might be used are:

(1) Developing a Business Plan
(2) The Future for Business and Industry
(3) Introduction to Microcomputers
(4) Introduction to Computers for Managers
(5) Retail Selling Techniques
(6) Credit and Collections
(7) Strategies in Small Business
(8) Marketing and Advertising
(9) Direct Mail Marketing in Small Business
(10) Women in Small Businesses
(11) Financing Small Businesses
(12) Time Management Techniques
(13) Customer Relations Techniques

Seminar fees will be set at a maximum of $12.00 per hour per attendee.

Credit/Non-Credit options (these are examples only)
(1) Women in Business
(2) Introduction to Microcomputers for Business
(3) Small Business Tax Workshops
(4) Business Finance
(5) How to Develop a Business Plan
(6) Marketing/Advertising

F. Partnership with the SBA

The SBDC will maintain an on-going relationship with the Network Coordinating Office Director. The right of approval of the selection of the Director rests with the Network Director, as do other activities as yet unidentified. There will be substantial involvement between the Network Office and the SBDC during performance of the activity.

The Network Director will meet with the SBDC Director on a regular basis to assure effective integration of the SBA District plan and priorities; to plan for the increased effectiveness of the training objectives; and to coordinate and review all marketing plans with the Network.

A display of the SBA "Cooperative Agreement with" statement will be used in all brochures, publications, training agendas and announcements, and other published materials and the Small Business Development Center will be used in all literature.

The degree to which SBDC resources are directed toward specific areas of assistance will be determined by local community needs, SBA priorities, and SBDC Program objectives, and will be agreed upon by the Network Office and the SBDC.

The SBDC will be accountable to the Network Office for performing all services included in its proposal. All activities performed by the SBDC will be listed on the attached "Planned Milestone Accomplishment Chart."

Since SBA has monitoring responsibilities as specified in Public Law 96-302, SBA can monitor the program at any time.

G. Special Assistance

Special Assistance is expected to be provided in several areas of high priority. These include projects of programs for women in business, veterans, business owners, and export trade.

To address the need for special assistance, the SBDC will sponsor a series of training programs, workshops, seminars, or special activities which will strengthen the potential for success among the high priority minority groups.

H. Advisory Boards and Councils

The SBDC will establish and maintain an active Small Business Advisory Council made up primarily of small business owners and operators from the service area. Where available, a SCORE or ACE volunteer will be included on the Advisory Council. Representatives will be from the:

(1) Home Builders Association
(2) American Institute of Banking
(3) Savings and Loans Association
(4) Banking Clearinghouse
(5) SCORE/ACE Organizations
(6) Area Chambers of Commerce

Women and minority groups will also be well represented. Conflict of interest will be avoided by assuring that the Advisory Council members receive no special assistance nor priority treatment.

The Advisory Councils will provide recommendations on SBDC policy and program development and provide on-going participation with the small business community. There will be a minimum of two council meetings during each twelve-month contract period.

Linkages with other delivery and service agencies will be encouraged. For example, local Chambers of Commerce, Economic Development organizations or agencies, Small Business Institutes, etc. will be encouraged to assist the small business centers without duplication of the services already provided.

I. Open Access

All physical locations, programs, activities, and hiring practices will be fully accessible to the handicapped and will be non-discriminatory as to age, sex, or ethnic origin. Only the key staff who have been identified, hired, or assigned on an interim basis have resumes included.

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Key Personnel position descriptions include:

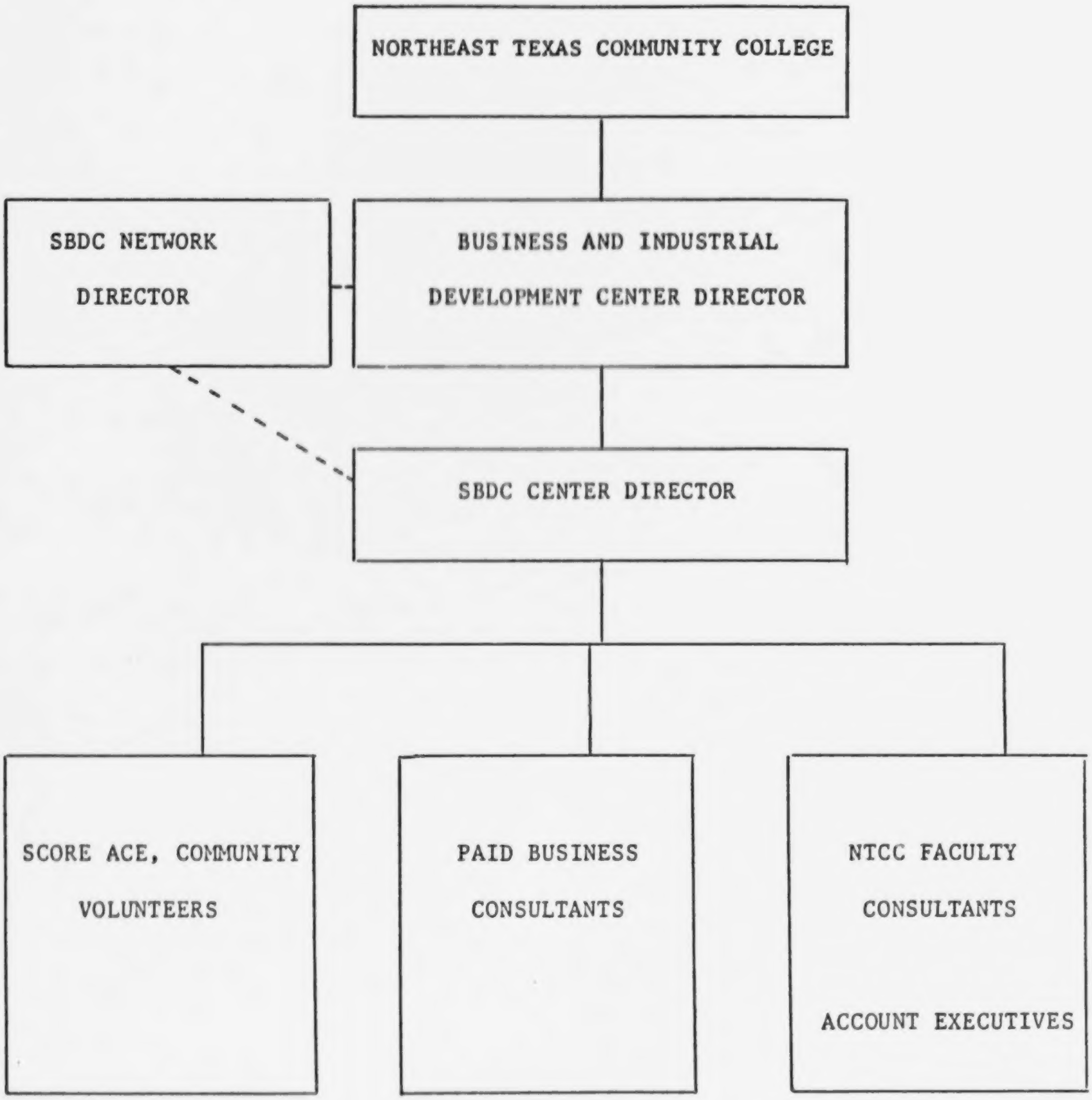
1. SBDC Director: Reports directly to the Dean of Occupational Studies, Northeast Texas Community College. A formal tie to the Director of the Network will be established. The SBDC Director is primarily responsible for the overall administration and leadership of the Small Business Development Center. Qualifications include experience in leadership and management expertise in an educational association. A minimum of a masters degree in business, or another appropriate field. Primary responsibilities include:

   (a) managing the budget for the SBDC;
   (b) assuring a system for proper and timely reporting on all activities;
   (c) recruit, supervise, and evaluate the members of the center staff;
   (d) develop and coordinate a SBDC Advisory Council; and
   (e) plan for future program and direction of the area SBDC.

2. Account Executives: The SBDC Director will be responsible for performance reports from the account executives. Desired qualifications include prior business experience and training, public relations experience and a bachelors degree in an appropriate field. Primary responsibilities include:
   (a) visiting small businesses to promote services of the SBDC, access needs, develop specific training programs either on-site or at a satellite location and act as liaison with businesses;
   (b) provide short-term counseling to small businesses;
   (c) tie small businesses into additional resources of assistance, i.e., community college and university courses, private consultants and written/visual materials; and
   (d) serve as the marketing arm of the area center communicating information regarding the services offered by the center.

ORGANIZATION CHART

SMALL BUSINESS DEVELOPMENT CENTER


NORTHEAST TEXAS COMMUNITY COLLEGE
SBDC NETWORK DIRECTOR
BUSINESS AND INDUSTRIAL DEVELOPMENT CENTER DIRECTOR
SBDC CENTER DIRECTOR
SCORE ACE, COMMUNITY VOLUNTEERS
PAID BUSINESS CONSULTANTS
NTCC FACULTY CONSULTANTS
ACCOUNT EXECUTIVES

SBDC OFFICE CLOSINGS

Except as noted below, the NTCC-SBDC will be open Monday through Friday, 8:00 a.m. to 5:00 p.m. Additionally, if small businesses in the area have need of evening hours, the center will remain open until 7:00 p.m. one night each week.

September 7	Labor Day Holiday (1)
November 26, 27	Thanksgiving Holidays (2)
December 23,24,25	Christmas (3)
December 31, January 1	New Years (2)
May 30	Memorial Day (1)
July 4	Independence Day (1)
Total	10 Days Closed

PLANNED MILESTONE ACCOMPLISHMENTS
(To Be Submitted With Proposal)

Effective Date: 9-1-87

COOP. AGREEMENT NO: ____________________ RECIPIENT OR DESIGNER: ______________

SBA PROJECT OFFICER: ____________________

	10-1-87 to 12-31-87 FIRST QUARTER	1-1-88 to 3-31-88 SECOND QUARTER	4-1-88 to 6-30-88 THIRD QUARTER	7-1-88 to 9-30-88 FOURTH QUARTER	TOTAL
MAJOR PROGRAM OBJECTIVES:					
COUNSELING (To be supported by MIS input document)					
A. No. of Short-term cases*	40	40	50	50	180
B. No. of Indepth cases**	12	12	15	20	59
Total estimated Federal dollars to be devoted to counseling effort					$
TRAINING (To be supported by SBA Form 888)					
A. No. of Training units	2	2	3	3	10
B. No. of Training attendees	30	30	45	45	150
Total estimated Federal dollars to be devoted to training effort					$

*less than 12 hours
**12 hours or more

NOTE: SBDC Emphasis should be on indepth counseling.

PLANNED MILESTONE ACCOMPLISHMENTS

EXPORTING ASSISTANCE	TOTAL
A. No. of Short-term clients	--
B. No. of Indepth clients	--
C. No. of Training units	1
D. No. of Training attendees	12

NOTE: Include these figures in total counseling and training effort listed on page one.

SPECIAL EMPHASIS ACTIVITIES:	MINORITIES	VETERANS	WOMEN	SBA CLIENTS	OTHER
Estimated No. of Training Programs	1	1	2	1	
Estimated No. of Counseling Cases	4	4	10	10	

NOTE: Include these figures in total counseling and training effort listed on page one.

ESTIMATED PERCENTAGE OF RESOURCES TO BE USED IN COUNSELING EFFORT:

ACE	1%	GRADUATE STUDENT	0	PRIVATE CONSULTANTS	9%
EMPLOYEE	49%	PROF. ASSOCIATIONS	5%	OTHER	--
FACULTY	35%	SCORE	1%		

ESTIMATED PERCENTAGE OF RESOURCES TO BE USED IN TRAINING EFFORT:

EMPLOYEE	25%	PROF. ASSOCIATIONS	5%
ACE	1%	SCORE	1%
FACULTY	59%	OTHER (Private Consultants)	9%

ESTIMATED FEDERAL DOLLARS TO BE ALLOCATED TO PURCHASE PRIVATE CONSULTANT SERVICES AS MANDATED BY P.L. 96-302 as amended:

ASSURANCES AND CERTIFICATIONS

The applicant hereby assures and certifies that he/she will comply with the regulations, policies, guidelines, and requirements including OMB Circulars A-95 and A-102 or A-110, as appropriate and as they relate to the application, acceptance and use of Federal funds for this federally assisted project. Also the applicant assures and certifies with respect to the grant/Cooperative Agreement that:

1. It possesses legal authority to apply for the grant; that a resolution, motion or similar action has been duly adopted or passes as an official act of the applicant's governing body, authorizing the filing of the application, including all understandings and assurances contained therein, and directing and authorizing the person identified as the official representative of the application and to provide such additional information as may be required.

2. It will compy with Title VI of the Civil Rights Act of 1964 (P.L. 88-352) and in accordance with Title VI of that Act no person in the United States shall, on the ground of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity for which the applicant receives Federal financial assistance and will immediately take any measures necessary to effectuate this agreement.

3. It will comply with Title VI of the Civil Rights Act of 1964 (42 USC 2000d) prohibiting employment discrimination where (1) the primary purpose of a grant is to provide employment or (2) discriminatory employment practices will result in unequal treatment of persons who are or should be benefiting from the grant-aided activity.

4. It will comply with requirements of the provision of the Uniform Relocation Assistance and Real Property Acquisitions Act of 1970 (P.I. 91-646) which provides for fair and equitable treatment of persons desplaced as a result of Federal and federally assisted programs.

5. It will comply with the provisions of the Hatch Act which limit the political activity of employees.

6. It will comply with the minimum wage and maximum hours provisions of the Federal Fair Labor Standards Act, as they apply to hospital and education institution employees of State and local governments.

7. It will establish safeguards to prohibit employees from using their positions for a purpose that is or gives the appearance of being motivated by a desire for a private gain for themselves, or others, particularly those with whom they have family, business, or other ties.

8. It will give the grantor agency or the Comptroller General through any authorized representative the access to and the right to examine all records, books, papers, or documents related to the grant.

9. It will comply with all requirements imposed by the Federal grantor agency concerning special requirements of law, program requirements, and other administrative requirements approved in accordance with Office of Management and Budget Circular No. A-102 or A-110 as appropriate.

10. This application does not propose any activities that would involve human beings who might be considered subjects, human material, or personal data from primary or secondary sources.

11. This is to hereby certify that this project will not have an affect on any National Historic Site or building.

12. This is to hereby certify that this project does not have an affect on the environment such as on the following areas: natural resources, pollution, populations, and any adverse affect through the delivery of services.

13. This is to hereby acknowledge that the U.S. Small Business Administration has a royalty-free, nonexclusive and irrevocable license to reproduce, publish, or otherwise use, and to authorize others to use any copyrighted materials and reports which shall have been developed under this grant. The recipient also, hereby agrees to notify and provide three copies of any copyrighted materials developed under this grant to the Small Business Administration.

14. This hereby certifies that applicant possess adequate grant management capabilities as required by OMB circulars and SBA Federal Assistance Administration Regulation and Guidelines in all of the following areas: fiscal administration, facilities management, management information, personnel, planning and budget, procurement and property management.

15. This hereby certifies that applicant meets the standards for fund control and accountability as prescribed in OMB circular A-102 or A-110 as appropriate in accordance with the legal status of the applicant's organizational status and have established or can demonstrate the willingness and ability to establish procedures that will minimize the time elapsing between the transfer of funds from the Treasury and their disbursement by the grantee if advance payment procedures are used.

The applicant also certifies that the information in these assurances and certifications in support of this application are correct to the best of his/her knowledge and belief and the filing of this application has been duly authorized.

(Legal Name of Applicant)

(Address)

(Signature of Authorized Officer)

(Date of Application)

Appendix B:

PROCUREMENT CENTER CONTRACT WITH COG

ark-tex council of governments
willie giles smith, president • james d. goerke, executive director

November 3, 1987

Mr. Jim Davis
Northeast Texas Community College
P.O. Box 1307
Mt. Pleasant, TX 75455-1307

Dear Mr. Davis:

Please find enclosed the executed contract between Ark-Tex Council of Governments and Northeast Texas Community College for the government procurement center.

Please feel free to call me if you have any questions.

Sincerely,
Ermer Pondexter
Ermer Pondexter, Director
Administrative Services

EP/rs

Enclosure

POST OFFICE BOX 5307 / TEXARKANA, U.S.A. 75505 / TELEPHONE 214-832-8636

AGREEMENT BETWEEN
ARK-TEX COUNCIL OF GOVERNMENTS
AND
NORTHEAST TEXAS COMMUNITY COLLEGE

This agreement entered into as of this 1st day of November 1987, by and between Northeast Texas Community College, hereinafter called the CONTRACTOR, and the Ark-Tex Council of Governments, hereinafter called ATCOG.

WITNESSETH THAT:

WHEREAS, the ATCOG has been designated by the Ark-Tex Private Industry Council, hereinafter called ATPIC, as the grant recipient and administrating agency for activities funded under Title III of the Job Training Partnership Act, Public Law 97-300, for the counties of Bowie, Cass, Delta, Franklin, Hopkins, Lamar, Morris, Red River and Titus.

WHEREAS, ATCOG has entered into a contract with the Texas Department of Community Affairs for the provisions of services under the Job Training Partnership Act (PL 97-300).

ARTICLE I
SCOPE OF SERVICES

The scope and coverage of the services to be provided by Contractor under this contract, and the budget for these services, as well as such other components as may be necessary, are described and included in the attached Scope of Services, which is hereby incorporated in this contract in its entirety by specific reference. Any changes, modifications or amendments thereto, or renewal thereof, must be made with the prior written approval of ATCOG except as otherwise provided in this contract. Any such change, modification or amendment to, or renewal of, such are not effective until approved by ATCOG. Such changes, modifications, amendments or renewal thereof, together with any approved amendment(s) as maintained on file by ATCOG, will be considered to be the controlling instruments in case any dispute arises relative to the working of any portion of such changes, modifications, amendments or thereto.

Wherever the terms of this contract require the "prior written approval" of ATCOG, such approval may be given by the Executive Director, ATCOG. Notwithstanding any other provision of this contract, any change in the maximum obligation of ATCOG hereunder as indicated in this contract, and all other changes, additions, deletions or other variances in the terms of this agreement may be made only by formal written amendment executed by the parties signatory to this contract.

ARTICLE II
TIME OF PERFORMANCE

The services under this contract are to commence as soon as practicable after the execution of this contract, but no later than November 1, 1987, and terminates on June 30, 1988, unless an extension of time is given by ATCOG.

ARTICLE III
PERSONNEL

Contractor represents that it has or will secure, and agrees to furnish, personnel with the professional classification, skill, and expertise required to perform the Scope of Services as described. Additionally, the Contractor will assume responsibility for that work described in Exhibit A, Scope of

Services, and will provide all necessary supervision and coordination of activities that may be required to complete its requirements subject to the approval and concurrence required from the ATCOG. None of the work or services covered by this contract shall be sub-contracted without prior written approval of the ATCOG.

ARTICLE IV
COMPENSATION

The ATCOG agrees to pay Contractor compensation for the described services, a sum not to exceed SIXTY NINE THOUSAND, EIGHT HUNDRED NINETY FOUR DOLLARS AND NO/100 ($69,894.00). Said compensation shall be contingent upon the availability of funds specifically provided ATCOG by Texas Department of Community Affairs and/or United States Department of Labor for services described in Exhibit A, Scope of Services. Said expenditures shall be in accordance with the following budgeted Expenditures:

Budget Categories	Contractor Amount
Personnel	$46,061
Travel	4,000
Equipment	3,000
Supplies	8,000
Project Administrator	5,333
Mil. Specs-Stds.	3,500
Budget Total	$69,894

ARTICLE V
TRANSFER OF INTEREST

Contractor shall not assign any interest in this contract and shall not transfer any interest in the same (whether by assignment or novation); without the prior written consent of ATCOG thereto.

ARTICLE VI
MONITORING AND ASSESSMENT

Monitoring: ATCOG may periodically monitor Contractor for:

1. The degree of compliance with the terms of this Agreement, including compliance with applicable rules, regulations, and promulgations reference herein, and

2. The administrative and operational effectiveness of the program.

Assessment: ATCOG shall conduct periodic assessment reviews and analysis of Contractor's performance under this Agreement for the purpose of assessing the degree to which contractual objective and performance standards, as outlined and specified in Exhibit A, attached hereto or as subsequently amended, are achieved by Contractor.

Monitoring and Assessment Review Schedule: ATCOG shall provide advance notice to Contractor of any Monitoring and Assessment Reviews pertinent to this Agreement which shall require substantial preparation. ATCOG reserves the right to conduct periodic visits upon reasonable notice and to require Contractor to prepare progress reports at least once a month during the time of performance of this Agreement.

Corrective Action:

1. When necessary, ATCOG shall present to Contractor written findings of the monitoring and assessment reviews specifying areas of noncompliance and unsatisfactory performance. Contractor shall

respond, in writing, in the form of Corrective Action Reports, within thirty (30) calendar days after receiving the written findings of the monitoring and assessment reviews. In such Corrective Action Reports, Contractor shall:

a. outline and specify, in detail, corrective action planned and taken, and

b. specify detailed procedures and actions initiated to preclude recurrence of the practices, discrepancies and irregularities outlined in the Monitoring and Assessment Reviews conducted by ATCOG.

2. ATCOG, upon receipt of the requested corrective action plan or statement from Contractor, shall evaluate the corrective action plan and determine whether or not the corrective action plan shall be undertaken, an alternative plan is required, or the goals or standards should be modified. Regardless of the course of action taken, ATCOG will ensure that positive actions, procedure, and practices are initiated to preclude recurrence or noncompliance.

3. Contractor shall cooperate fully in any program replanning required.

ARTICLE VII
GENERAL PROVISIONS

Maintenance of Effort: It is understood that the level of services and activities by Contractor in existence prior to the commencement of services under this Agreement, except for reductions unrelated to the provisions, terms and conditions or purposes herein, shall be maintained.

Subcontracts: The services to be rendered by Contractor shall not be subcontracted without prior written approval of ATCOG's authorized representative. Such approvals shall contain full detailed criteria, including but not limited to:

1. Identification of the Subcontractor;
2. The work or services to be contracted;
3. Qualification of the Subcontractor;
4. Subcontract document shall contain all provisions of this primary document.

ATCOG is in no way liable to Contractor's subcontractors. Subcontractors shall be responsible for any and all performances rendered to ensure compliance with all terms, conditions, and provisions of this contract as if rendered by the Contractor.

Changes: ATCOG may at any time, by written order, make changes within the general scope of this Agreement. If any such changes cause an increase or decrease in the cost of, or time required for performance of, any part of the work under this Agreement, whether changed or not by such order, an equitable adjustment shall be modified in writing accordingly prior to the implementation of such changes. Any claim by Contractor for adjustment under this clause must be asserted within thirty (30) days from date of receipt of the change notification by the Contractor. In the event that the prime contract, the conditions governing JTPA grants, the JTPA regulations, or JTPA guidelines are amended at any time subsequent to the making of this Agreement, ATCOG shall appropriately notify the Contractor in writing. Upon receipt of such notification, Contractor shall have the option of agreeing to such amendments or notifying ATCOG that it cannot comply with such amendments and terminate the Agreement.

ARTICLE VIII
PROVISION FOR TERMINATION

Either of the parties shall have the right to terminate and bring to an end performances to be rendered under this Agreement by notifying the other party in writing of such termination at least thirty (30) days prior to the effective date of termination. Upon termination or receipt of notice to terminate, ATCOG shall cancel, withdraw or terminate any outstanding orders or subcontracts which relate to the performance of this Agreement, and shall cease to incur costs hereunder. ATCOG shall not be liable to Contractor or its creditors for expenses incurred after the termination date.

The ATCOG reserves the right to unilaterally withdraw upon notification any or all funds obligated under this contract for any of the following reasons:

A. Failure of Contractor to comply with any terms of this contract;

B. Failure of the Contractor to comply with applicable local, state, and/or federal laws, amendments, rules or regulations;

C. Failure of the Contractor to comply with the following Financial Provisions:

   1. Any money under this contract unspent or unobligated in the performance of this contract must be returned to ATCOG.

   2. Financial (expenditure) justification shall include a statement of each financial transaction directed to each separate line item.

   3. Expenditures shall not exceed such rate or amounts that have been set forth in this contract.

D. Failure of ATCOG to receive adequate funds for this purpose from the U.S. Department of Labor and the Texas Department of Community Affairs.

ARTICLE IX
ACCESSIBILITY OF RECORDS

The Contractor shall give the Texas Department of Community Affairs, Texas Education Agency, U.S. Department of Labor, ATCOG, ATPIC and/or any other authorized representatives, access to and right to examine and reproduce all records, books, papers or documents relating to this contract.

ARTICLE X
CONTINGENT FEES

Contractor warrants that no person or company has been employed or retained to solicit or secure this contract upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee, excepting bona fide employees; nor has the Contractor paid or agreed to pay any person, company, corporation, individual or firm, other than a bonafide employee, any fee, commission, contribution, donation, percentage, gift, or any other consideration, contingent upon, or resulting from award of this contract. For any breach or violation of this provision, the ATCOG shall have the right to terminate this Agreement without liability and, at its discretion, to deduct from the contract price, or otherwise recover the full amount of such fee, commission, percentage, gift or consideration and any other damages, and shall be responsible for reporting the details of such breach or violation to the proper legal authorities, where and when appropriate.

ARTICLE XI
RETENTION OF RECORDS

Contractor agrees to retain all books, documents, reports, accounting procedures, and other records, pertaining to the operation of programs and expenditures of funds under this contract for three (3) years from the date of final resolution of audit under this contract unless a different period is expressly specified elsewhere in this contract.

ARTICLE XII
SECTARIAN ACTIVITY

None of the performances rendered hereunder shall involve, and no portion of the funds received by Contractor hereunder, shall be used for any sectarian or religious activity.

ARTICLE XIII
POLITICAL ACTIVITY

None of the performances rendered hereunder shall involve, and no portion of the funds received by Contractor hereunder shall be used for any political activity (including, but not limited to an activity to further the election or defeat of any candidate for public office) or any activity undertaken to influence the passage, defeat, or final content of legislation.

ARTICLE XIV
CONFLICT OF INTEREST

Contractor convenants that neither it nor any member of its Governing Body presently has any interest or shall acquire any interest, direct or indirect, which would conflict in any manner or degree with the performance of services required to be performed under this contract. Contractor further convenants that in the performance of this contract no person having such interest shall be employed or appointed as a member of its Governing Body.

Contractor shall assure that no member of its Governing Body, employee, or agent shall participate in the selection, award, or administration of a subcontract under this contract where any of the following has a financial interest in the contract:

A. The employee, officer, or agent;

B. Any member of his or her immediate family;

C. His or her partner; or

D. An organization in which any of the above is an officer, director, or employee.

No officer, member or employee of Committee, and no member of its Governing Body, and no other public official of the Governing Body of the State or locality or localities in which the contract is being carried out who exercises any functions or responsibilities in the review or approval of the undertaking or carrying out of this contract, shall

A. Participate in any decision relating to this contract which affects his personal interest or the interest of any corporation, partnership, or association in which he has a direct or indirect personal interest;

B. Have any interest, direct or indirect, in this contract or the proceeds thereof. Nothing in this article shall prohibit public officials of units of local government from serving on Contractor's Governing Body.

ARTICLE XV
EQUAL OPPORTUNITY

Contractor assures that no person shall, on the grounds of race, age, religion, color, handicap, national origin, sex, political affiliation, or belief, be excluded from, be denied the benefits of, or be subjected to discrimination under any program or activity funded in whole or in part under this contract or otherwise under Contractor's control. Contractor shall comply with Title VI of the Civil Rights Act of 1964, as amended, (42 U.S.C. 2000(d)) and with the provisions of 45 C.F.R. Part 80.

ARTICLE XVI
DISPUTES

Contractor shall utilize the complaint procedure promulgated by JTPA Issuance for all complaints arising under programs funded by this contract.

ARTICLE XVII
DISABLED VETERANS

Contractor shall not discriminate against any employee or applicant for employment because he or she is a disabled veteran of the Vietnam era in regard to any position for which the employee or applicant for employment is qualified. Contractor agrees to take affirmative action to employ, advance in employment, and otherwise treat qualified disabled veterans and veterans of the Vietnam era without discrimination based upon their disability or veteran's status in all employment practices.

ARTICLE XVIII
AFFIRMATIVE ACTION FOR HANDICAPPED

Contractor shall not discriminate against any employee or applicant for employment because of physical or mental handicap in regard to any position for which the employee or applicant for employment is qualified. Contractor agrees to take affirmative action to employ, advance in employment and otherwise treat qualified handicapped individuals without discrimination based upon their physical or mental handicap in all employment practices such as the following: employment, upgrading, demotion or transfer, recruitment, advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship. Contractor agrees to comply with the rules, regulations, and relevant orders issued pursuant to the Rehabilitation Act of 1973, Pub. L. 93-112, as amended by the Rehabilitation Act Amendments of 1973, Pub. L. 93-516, which are coded as 45 C.F.R.

ACTICLE XIX
COPYRIGHT

Where activities supported by this contract produce original books, manuals, films, computer programs (including executable computer programs and supporting data in any form), or other copyrightable materials, Contractor may copyright such, but ATCOG reserves royalty-free, non-exclusive and irrevocable license to use such materials. Disposition of royalties will be determined by ATCOG. This article must be in all employment contracts, consultant agreements and other contracts in which funds received under this contract are involved.

ARTICLE XX
PATENTS

If any discovery or invention arises or is developed in the course of or as a result of work performed under this contract, Contractor shall refer the discovery or invention to ATCOG which will determine whether or not patent protection will be sought; how many rights therein, including patent rights, will be disposed or and administered; and the need for other action required to protect the public interest in work supported with federal funds, all in accordance with the Presidential Memorandum of October 10, 1963, on Government Patent Policy.

ARTICLE XXI
CLEAN AIR AND WATER ACTS

Contractor shall comply and assure compliance by its sub-contractors with all applicable standards, order, or regulation promulgated pursuant to the Clean Air Act, as amended (42 U.S.C. 1857, et seq.), and the Federal Water Pollution Control Act, as amended (33 U.S.C. 1251, et seq.). Contractor shall report violations to the appropriate regional office of the Environmental Protection Agency and shall submit a copy of the report to ATCOG.

ARTICLE XXII
CONTRACT WORK HOURS AND SAFETY STANDARDS ACT

Contractor shall comply and shall assure compliance by its subcontractors with the Contract Work Hours and Safety Standards Act, 40 U.S.C. 327-333 and regulations promulgated thereunder such provisions apply to Contractor's performance pursuant to this contract.

ARTICLE XXIII
TERMS AND PROVISIONS

ATCOG shall ensure that the performance rendered under this contract are rendered so as to comply with all the terms and provisions of the primary contract between ATCOG and TDCA as if these performances were rendered by ATCOG.

ARTICLE XXIV
ORAL AND WRITTEN AGREEMENTS

All oral or written agreements between the parties hereto relating to the subject matter of this contract that were made prior to the execution of this contract have been reduced to writing and are obtained herein.

Contractor and ATCOG understand and agree that the following Exhibit is hereby made a part of this contract and constitute promised performances by Contractor under this contract.

Contractor and the ATCOG have agreed to the terms of this contract and executed same on the date indicated above as evidenced by the following signatures.

NORTHEAST TEXAS COMMUNITY COLLEGE

Signature

President
Title

10-30-87
Date

ARK-TEX COUNCIL OF GOVERNMENTS

Signature

EXECUTIVE DIRECTOR
Title

11/1/87
Date

EXHIBIT A
SCOPE OF SERVICES
NORTHEAST TEXAS COMMUNITY COLLEGE

It is the intent of ATCOG, in its capacity as the Administrative Entity for the Ark-Tex Private Industry Council, to operate a procurement outreach center in the Northeast Texas Service Delivery Area to include the following counties: Bowie, Cass, Delta, Franklin, Hopkins, Lamar, Morris, Red River, and Titus. To this end, ATCOG has contracted with the Bid Resource Center in Beaumont, Texas to provide program support and training.

This contract provides for the operation of the procurement outreach center by the Contractor, Northeast Texas Community College, on its campus near Mt. Pleasant, Texas. Contractor is prohibited from providing any services identified by this contract in areas other than those identified above in the Northeast Texas Service Delivery Area.

The purpose of the procurement outreach center is to provide detailed information and personal instruction to business enterprises, thereby increasing their chances of successfully selling their product or service to public sector agencies in the private sector and to prime government contractors. The contractor will assist businesses in identifying their capabilities, matching these capabilities to the appropriate government and private buyers, obtaining placement on the bidders lists, sending the appropriate forms to government buyers, preparing for government and private sector qualifications, passing quality assurance inspections, receiving bids, and obtaining contracts.

The parties to this contract mutually agree as follows:

1. Contractor shall be responsible for hiring staff for the procurement center. Contractor shall hire at least two (2) full-time staff members to serve as bid consultants and one (1) secretary/consultant. Staff provided for the procurement center shall include persons with appropriate education and experience. The contractor shall provide administration and organizational support as required.

2. Contractor agrees to send a maximum of two (2) staff members for mid level training at the Bid Resource Offices in Beaumont, Texas to include one training update session during the contract year.

3. Contractor agrees to use the materials produced by the Bid Resource Center for the benefit of its clients and will not give, sell or otherwise transmit these materials to other procurement centers or bid resource centers.

4. Contractor agrees to not hold itself out to represent the Bid Resource Center.

5. Contractor shall hold ATCOG and Bid Resource Center harmless of actions or consequences of Bid Resource Center efforts to assist

contractor in serving its clients.

6. Moreover, Contractor will not at any time, either during or after the termination of this agreement, either directly or indirectly, divulge to any person, firm or corporation, or use in any manner, any property or any information of any kind, nature or description concerning any matters affecting or relating to the business of ATCOG or Bid Resource Center not specifically authorized by this contract. The Contractor acknowledges that the disclosure or use of any property or information belonging to ATCOG or Bid Resource Center could gravely affect the effective and successful conduct of the business of Bid Resource Center and its good will and that any breach is a material breach of the terms of this covenant. The Contractor acknowledges that his or her breach or violation of any of the provisions of this Agreement will cause immediate and irreparable injury to ATCOG and Bid Resource Center and that, in the event of a breach or threatened or intended breach of this Agreement by him or her, ATCOG or Bid Resource Center, in addition to all other legal and equitable remedies available to it, will be entitled to restraining orders and temporary and permanent injunctions restraining such breach or threatened or intended breach.

7. The Contractor will arrange to visit at least six new prospective employers a month to inform and acquaint said employers about the services available through the government procurement center. Such contacts will be reported in Exhibit B. The Contractor will also arrange to visit in the nine (9) county area at least twice a week in order to market the procurement outreach center. These contacts will also be reported in Exhibit B.

8. Contractor staff will assist businesses in reading, preparing, and submitting bids and provide any of the following information which may be required for a bid preparation:

   a. specifications
   b. regulations
   c. past procurement history
   d. copies of drawings from aperature cards
   e. qualified vendor information
   f. competition hit list (if requested), and
   g. prime contracting information.

9. After the client has been awarded a contract, Contractor shall provide information to assist the client in preparing for any inspections which may be required. Such information shall include but not be limited to the following:

   a. interpretation of quality clauses, assurances, and specifications.

   b. compliance with required packaging requirements.

   c. the preparation of various report forms such as First Article Test Reports, Certificates of Conformance, Material Inspection and Receiving Report and others.

10. As goals of the Ark-Tex Private Industry Council, the Contractor will work toward making the procurement outreach center self-sufficient. Such methods shall receive the approval of ATPIC and ATCOG. Contractor will also work to build up the library and services expertise to allow for dropping the satellite requirement with the Bid Resource Center in Beaumont, Texas; to develop expertise within the regional business and industry community to compete at an advantage with other regions and states.

11. Contractor shall submit monthly status reports to ATCOG on or before the 10th of each month. Reporting forms are made a part of this contract as Exhibit B. All reporting to the Ark-Tex Private Industry Council, Bid Resource Center in Beaumont, Texas Department of Community Affairs, or other interested agencies shall be coordinated through the ATCOG.

12. Bid consultants shall recruit, select, and serve a caseload minimum of fifty (50) and a maximum of one hundred thirty five (135) for the term of this contract.

Payment

The Contractor shall submit to the Ark-Tex Council of Governments a JTPA financial report and invoice on or before the fifth (5th) working day of each month. Said invoice shall be processed by ATCOG during the first half of the month. A complete and accurate financial report and invoice submitted after the fifth (5th) working day of the month and prior to the fifteenth (15th) working day of the month shall be processed by ATCOG during the last half of each month. Payment of any invoice may be delayed if the invoice is received by ATCOG in an incomplete or inaccurate form. Further, the Ark-Tex Council of Governments shall not be liable to the Contractor for costs which have been incurred in the performance of this contract which have not been billed to the Ark-Tex Council of Governments within sixty (60) working days after the last day of the month in which the cost is incurred without approval in writing by the Ark-Tex Council of Governments or its authorized representative.

It is fully understood by all parties, however, that total reimbursement for all activities covered by the Contract shall not exceed Sixty-Nine Thousand, Eight Hundred Ninety Four Dollars and No/100 (69,894.00).

All payments and liabilities under this contract shall terminate no later than sixty (60) days from the date of the completion of the contract.

MONTHLY REPORT

MONTH ____________ BID CONSULTANT ____________

NUMBER OF CLIENTS IN CASELOAD BEGINNING OF MONTH ____________

NEW CLIENTS RECEIVED BY TRANSFER DURING MONTH ____________

CLIENTS TRANSFERRED TO ANOTHER CONSULTANT DURING MONTH ____________

NEW CLIENTS ADDED TO CASELOAD DURING MONTH ____________

CLIENTS INACTIVATED DURING MONTH ____________

END OF MONTH CASELOAD ____________

TOTAL NUMBER OF CLIENTS SERVED IN MONTH ____________

A. MINORITY ____________

B. WOMAN OWNED ____________

C. MINORITY/WOMAN OWNED ____________

D. ALL OTHERS ____________

NEW CLIENTS

	COMPANY NAME	MINORITY	WOMAN OWNED	CITY
1.				
2.				
3.				
4.				
5.				
6.				
7.				
8.				
9.				
10.				

CONTRACTS AWARDED FOR MONTH OF ____________________

	COMPANY NAME	TYPE OF COMPANY	CONTRACT WITH	CONTRACT AMOUNT	MINORITY OWNED	WOMAN OWNED	DIRECT HIRES	OJT's	RETAINED JOBS
1.									
2.									
3.									
4.									
5.									
6.									
7.									
8.									
9.									
10.									

THE STATE OF TEXAS

COUNTY OF JEFFERSON

This AGREEMENT made this the _____ day of _____________, 19_____ between PROGRAMS FOR HUMAN SERVICES (PHS), d/b/a BID RESOURCE CENTER, hereinafter known as BRC, and ____________________________ hereinafter known as the SATELLITE.

The purpose of the Agreement is to state the terms and conditions under which BRC will provide training to employees of SATELLITE and other services herein specified so that SATELLITE can deliver bid consulting services to its clients. BRC will provide consultation and access to BRC's libraries and technical specifications.

KNOW, THEREFORE, in consideration of the mutual promises herein contained, the parties hereto agree as follows:

1. BRC will provide intermediate level training for a maximum of three (3) staff members of SATELLITE. "intermediate level training" consists of, but is not limited to, advanced education in the field of delivering bid consultant services to SATELLITE clients. Such intermediate level training shall be delivered at the offices of BRC in Beaumont, Jefferson County, Texas at mutually agreeable times. In addition to the intermediate level training session(s) as set forth above, during the term of the Contract the SATELLITE staff shall be offered one initial training session during the year. "Initial level training" consists of, but is not limited to, basic education in the field of delivering bid consultant services to SATELLITE clients. This initial training session shall be delivered at the offices of BRC in Beaumont, Jefferson County, Texas.

2. The term of this Agreement shall commence on the 22nd day of October, 19 87 and shall continue in full force and effect thereafter for a period of one (1) year and terminate on the 30th day of June, 19 88. The parties hereto agree to enter into negotiations for contract renewal if acceptable to both parties, ninety (90) days prior to the termination of this contract.

3. The BRC shall provide to SATELLITE no later than November 1, 1987:

A. the on-line capability, software and data base for a computerized match of purchases advertised in the Commerce Business Daily with the production/service capabilities of the SATELLITE's clients.

B. the data base and computer software necessary for the SATELLITE to conduct market research for its clients; i.e. to identify the federal agencies within specified geographic areas who regularly purchase the Federal Supply Code of products or services offered by the SATELLITE's Clients.

C. The installation will be performed on-site, at Mt. Pleasant, Texas. In a one-day session, BRC software consultants will install and configure the software for operation on the Satellite's computer system, test for proper functioning, provide documentation for routine use, and provide training for 1-3 persons on the use of SYSLINS/Procure and CBD Match.

D. BRC consultants will also provide unlimited telephone support directly to users of the software. This will include assistance in use of the program, help with recovery of lost data, reindexing files, routine maintenance, and other calls that can be assisted by phone.

E. ✓ SATELLITE shall pay to BRC compensation for the services hereinbefore set out in the amount of Thirteen Thousand Two Hundred Fifty and no/100 Dollars ($ 13,250.00) with payment as follows:

✓ As full and final payment for such services (except for the optional services and products set out below), $ 13,250.00 paid within fourteen (14) days of this agreement, or on or before the first day such services are provided, whichever is sooner.

F. The BRC staff shall provide up to a maximum of seventy five (75) hours of consultation to SATELLITE. The consultation may be in the areas of library research and research for specifications.

G. ✓ Consultation above the 75 hours shall be available at a cost of $50.00 per hour. Usage that involves a fraction of an hour shall be computed to the next highest quarter hour.

H. The BRC shall furnish at no charge:

-News up-dates
-Subscription to the BRC Newsletter

4. The following services are offered at the option of SATELLITE:

A. Workshops and conferences conducted in SATELLITE's community by request at a rate to be determined on a case by case basis.

B. The BRC shall provide certain services and products for which charges are variable and SATELLITE agrees to reimburse the BRC for such charges. These are:

-Copies (8 1/2" X 11") - $.10 per copy
-Aperture Prints - $3.00 per copy
-Long distance and postage-reimbursement for actual use.
-Any and all incidental costs and expenses incurred by BRC arising from the ordering of any services and products which may be requested by SATELLITE.

5. The BRC agrees to complete written library service requests within 48 hours during the normal work week which is 8 a.m. to 5 p.m. Monday thru Friday. Work shall be deemed completed when deposited in a depository of the United States mail, First Class postage, prepaid, and not upon receipt by SATELLITE. Expedited service requests may be accomplished by use of Fax and Federal Express. Holidays and weekends are not included in this time estimate. Market research request will be completed in the same priority given library service requests. However, BRC does not warrant that market research request will be completed within 48 hours. Market research requests will be completed in relation to the complexity of the request and the number of request submitted at any one time.

6. The BRC agrees to maintain an up-to-date library of materials.

7. The BRC agrees to maintain a staff of well trained and competent bid consultants and supporting staff.

8. The BRC shall send an invoice to SATELLITE for ongoing billable services by the 5th of the month following the end of the month in which services were incurred, with the exception of telephone charges, which shall be billed quarterly. SATELLITE agrees to reimburse BRC for these services by the 20th of the month in which the invoice is received.

9. SATELLITE agrees to use the materials produced by the BRC for the benefit of its clients and will not give, sell or otherwise transmit or divulge these materials to other procurement centers or bid resource centers or any persons during the term of this agreement.

10. SATELLITE agrees to not hold itself out to represent the BRC.

11. SATELLITE shall indemnify and hold BRC harmless for actions or consequences of BRC efforts to assist SATELLITE in serving its clients, unless any such acts of BRC are intentional or are the result of gross negligence.

12. SATELLITE and BRC agree that SATELLITE will be doing business in the following Counties in the State of Texas, towit:

County(s)	City(s)
Bowie	Texarkana, New Boston, DeKalb, Maud, Redwat
Cass	Atlanta, Queen City, Linden, Avinger, Hughes Springs
Delta	Cooper, Pecan Gap, Enloe, Klondike
Franklin	Mt. Vernon, Winnsboro
Hopkins	Sulphur Springs, Cumby, Saltillo
Lamar	Paris, Deport, Blossom, Powderly, Roxton
Morris	Daingerfield, Lone Star, Naples, Omaha
Titus	Mt. Pleasant, Monticello, Talco, Winfield
Red River	Clarksville, Annona, Detroit, Bagwell, Boga
Miller (Arkansas)	Texarkana, Fouke, Garland City

13. SATELLITE agrees that it will not do business in any county not herein specified without obtaining the written consent of BRC. SATELLITE agrees that it will not, for a period of five (5) years from and after the date of the termination of this Contract, establish Satellite bid centers in any of the hereinbefore mentioned counties in which it does not do business.

14. The waiver by either party of a breach or violation of any provision of this Agreement shall not operate as or be construed to be a waiver of any subsequent breach of any provision of this Agreement.

15. A. BRC shall not be liable for any delay or failure to deliver any or all of the promised services in case delay or failure is caused by: labor disputes, strikes, war, accident, or fire damage to, or destruction in whole or in part of library materials or computer software; lack or inability to obtain supplies, information or computer software from the supplier; or storm, fire, flood, or any act of God or other cause beyond BRC's control. Additionally, SATELLITE shall not be liable for failure to continue to receive the services of BRC for any of the causes specified above. When only a part of BRC's or SATELLITE's capacity to perform is excused under this paragraph, BRC and SATELLITE shall continue the agreement as to the services not affected. When either BRC or SATELLITE claims excuse for nonperformance under this paragraph, notice must be given to the other party.

B. In the event of a breach or threatened breach of any of the provisions of this agreement by SATELLITE, then the BRC shall have all legal and equitable remedies including but not limited to injunction and damages. BRC shall not be required to show or prove irreparable injury or inadequacy of legal remedy, and such damages shall be recovered as may be provided, plus reimbursement for all expenses, plus interest at the legal rate, plus attorney's fees, in the event of litigation to enforce this agreement.

16. All notices required or permitted to be given under this Agreement will be sufficient if furnished in writing, sent by certified mail with a return receipt requested, to the parties at the following addresses towit:

BRC SATELLITE

Bid Resource Center
P. O. Box 3223
Beaumont, Texas 77704

17. This Agreement shall be interpreted, construed, and governed according to the laws of the State of Texas.

18. In case any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision, and this Agreement shall be construed as if such invalid, illegal, or unenforceable provision had never been included in the Agreement.

19. This Agreement constitutes the sole agreement of the parties and superseded any prior understandings or written or oral agreements between the parties respecting that subject matter.

EXECUTED at ____________, Texas, on ______________, 19 __.

______________________ SATELLITE Representative

______________________ BRC Representative

Appendix C:

FROZEN FOOD PROCESSING PLANT

Frozen Food Committee Meeting

Friday, May 27, 1988

10:00 A.M.

NTCC Board Room

MINUTES

A committee for the development of an integrated agriculture production, processing, storage, and marketing system for Northeast Texas met for a structure meeting at Northeast Texas Community College on Friday, May 27, 1988. The following persons were present:

Joe Dan Cole, Franklin National Bank
Walter Sears, Superintendent - Mt. Vernon ISD
Peggy Lowery, Mt. Vernon Chamber of Commerce
Bill Everett, Texas Department of Agriculture
John Carnes, Regional Planning Unit - NTCC
Gib Blackman, Small Business Development Center - NTCC
Deanna Scott, Senator Anderson's Office
Mark Bergland, BID Center - NTCC
Joe Roach, Texas Agriculture Extension Service - Franklin County
Wayne Foster, Franklin County Judge
Jack Foreman, Executive Dean - NTCC
Wayland DeWitt, President - NTCC

The first order of business was to develop an understanding of the mission for the committee. We began by formulating a first rough draft mission statement for the committee. It was stated as follows:

> "The mission of the Northeast Texas Regional Agriculture Development Committee is to define the scope for an agriculture project to establish an integrated (vertically and horizontally) production processing, and marketing system for the region."

Next step - Mr. Bergland will provide a draft statement for the committee to finalize at the next meeting.

The committee began a discussion and formulation of some critical issues to be addressed in the upcoming months.

1. What is the best use of our land?

2. How can we best employ our people?

3. What are some nontraditional crops that can be considered for this system?

4. How can we diversify the base of agriculture in the region?

5. What are the sources of funding (private and public) to complete the feasibility study?

6. What will our one year, five year, ten year, and twenty year goals be for the region?

7. How will this project effect the environment and what do we want the environment to be?

8. What will be the societal effects of the project? How will the public attitude towards this project be formed (positive vs. negative)?

9. How can we insure that this will be a regional (Northeast Texas) project vs. a local (Mt. Vernon) project?

10. What is the regional infrastructure for this project?

11. What is the best system for production research for this project?
    Example: Demonstration plots
    Comparison of plant varieties
    Comparison of irrigation systems
    etc.

12. What are the societal changes that are happening that will help us? Project demand products? Market?
    Example: Microwave cooking
    Pre-packaged meals
    Quick frozen fresh products
    etc.

13. How can we develop alternate sources for produce so that a supply is more secure?

14. Should we concentrate on a type of produce such as fruit? (Peaches, pears, strawberries, blue berries, black berries)

The following components were suggested as types of marketable of products for the system.

1. Fresh products
2. Frozen products
3. Canned products
4. Further processed products (non-traditional)
5. Gourmet products

The subcommittee formation began with tentative subcommittees and subcommittee leaders as follows:

A. Marketing - Bill Everett

B. Sources of Funding - Joe Dan Cole
Peggy Lowery
Deanna Scott (public sector)

C. Production - Joe Roach
Wayne Foster
Jim Tollett (suggested)

D. Processing - Jim Tollett (suggested)
Dick Edwards (suggested)
Al Wagner (suggested)
Joe Roach

Two resource persons were suggested from the agriculture extension service: Dr. Nelson and Marty Baker from the Overton Research Center.

The committees will begin work immediately and will make brief reports at the next meeting. Resource persons will be added to committees and invited to participate in meetings for input as the members desire. We will meet fairly regular at first. Next meeting will be June 10, 1988, at 10:00 a.m. in the NTCC Board Room.

Mr. Cole will be organizing a group of regional agriculture extension agents to provide input and support to the project development.

Mark Bergland will be assigned by the college as the staff member to the project. It will be Mr. Bergland's responsibility to attend all meetings of the committee, all subcommittee meetings, write proposals for funding of studies, and work with the recommendations of the committee to fulfill its mission and determine feasibility of the project.

Recorder

Jack Foreman

NORTHEAST TEXAS REGIONAL
AGRICULTURAL DEVELOPMENT COMMITTEE MEETING

MINUTES

Friday, June 10, 1988
10:00 A.M.
NTCC Board Room

A committee for the development of an integrated agriculture production, processing, storage, and marketing system for Northeast Texas met formally at Northeast Texas Community College on Friday, June 10, 1988. The following members and visitors were present:

Jack Foreman - Executive Dean, NTCC
Deanna Scott - Senator Anderson's Office
Gib Blackman - Small Business Development Center, NTCC
Marty Baker - Horticulturist, Texas A&M Extension Service
Leon T. Lester - Resident, Franklin County
Dr. Greg Clary - Economist, Texas A&M Extension Service
Jim Davis - BID Center, NTCC
Stan Garrett - Guaranty Bank, Mt. Pleasant
Joe Dan Coe - Franklin National Bank, Mt. Vernon
Joe D. Roach - County Extension Agent, Franklin County
Mark R. Berglund - BID Center, NTCC
Bill Edleman - Imperial Farms, Winnsboro
Johnny Cates - County Extension Agent, Wood County
John Kidwell - Trinity Valley Marketing Exchange, Athens

First order of business was a review and approval of the May 27th committee meeting minutes.

Next, subcommittee chairpersons were asked to present brief reports.

Joe Dan Coe, funding subcommittee chairman, had contacted First National Bank of Winnsboro, Guaranty Bank of Mt. Pleasant, and First State Bank of Pittsburg for their support of the project and all expressed favorable support. He assured those present that the financial community will be represented in the project.

No reports were available from the processing or marketing subcommittees.

Joe Roach, crop production subcommittee chairman, brought two guests from the Texas A&M Extension Center at Overton; Marty Baker, Horticulturist, and Dr. Greg Clary, Agriculture Economist.

Marty Baker discussed several important positive and negative aspects of the frozen food processing plant project. Mr. Baker's remarks included the following points.

* Biggest negative of project is growing competition in processed food industry from "heat and serve food" products.

* When asked about crop production data, he replied "such information is readily available".

* Two largest production obstacles are:

  1) Area farms with absentee land owners which would require tenant farmers.

  2) Cost (per acre foot), availability, and quality of water for irrigation. Irrigation lowers risk of growing crops.

* Specialty crops (Chinese vegetables) can offer high dollar return on low acreage.

* Possibly introduce line of unique Texas production.

* We are located adjacent to area of highest sweet potato production in the world.

* Suggest increasing published crop production numbers by 30% to obtain more accurate figures. Growers always low ball numbers.

* Must balance production growth with demand growth or prices will fall below break even point.

Dr. Greg Clary discussed several items relating mostly to market and financial analysis.

* Resources are available (soils, water, technology) to grow most crops in this area. Therefore, economics are primary consideration.

* Will farmers change crops in order to increase profits? Not all farmers are profit maximizers.

* Economic impact study should be done to determine costs and benefits.

Project mission statement and goals were presented to committee members by Mr. Berglund. Committee members approved project mission statement and goals. Also approved, after revisions proposed by Dr. Clary were made, was the proposed outline of the final feasibility report. Dr. Clary recommended section VI. H. (financial analysis) of the proposed outline be expanded and incorporated into the study as a complete section, and the market analysis upgraded to a position of higher priority. Dr. Clary further commented that a market analysis must be done to first identify a demand strong enough to support a project of this type.

Deanna Scott interjected that any application made to TDA for funding must be accompanied by a five year forecast.

Joe Dan Coe indicated he could raise $1,000 for project expenses.

Mr. Berglund was assigned the task of acquiring information on crop production, future water availability for agricultural purposes and market concerns for presentation during the committee's next meeting on June 20, 1988.

Recorders: Mr. Jim Davis
Mr. Mark Berglund

MISSION STATEMENT

The mission of the Northeast Texas Regional Agriculture Development Committee is to promote economic development and agricultural diversification in the central region of Northeast Texas through the establishment of vertically and horizontally integrated agricultural enterprises.

GOAL ONE

To compile a comprehensive, unbiased feasibility study allowing for sound decision making concerning the economic viability of a frozen food processing plant for fruits and vegetables to be located in the central region of Northeast Texas.

GOAL TWO

To implement an informative and educational program designed to obtain continued, energetic support from area residents for increased agricultural diversity.

GOAL THREE

To insure a physical environment conducive to continued economic prosperity and clean, healthful living.

GOAL ONE OBJECTIVES

1. Locate and secure sources of private and public financial support to fund a feasibility study for a frozen food processing plant to be located in the central region of Northeast Texas.
2. Develop detailed documentation of the following aspects:
    - a) Crop Production (realized and potential)
    - b) Processing
    - c) Marketing
    - d) Sales, Pricing, and Staffing
3. Assimilate information into feasibility study with an unbiased summary and conclusion.

NORTHEAST TEXAS REGIONAL AGRICULTURAL DEVELOPMENT COMMITTEE MEETING

MINUTES

Friday, June 24, 1988
10:00 A.M.
NTCC Board Room

A committee for the development of an integrated agricultural production, processing, storage, and marketing system for Northeast Texas met formally at Northeast Texas Community College on Friday, June 24, 1988. The following members and visitors were present:

Dr. Jack Foreman - Executive Dean, NTCC
Gib Blackman _ Small Business Development Center, NTCC
Dr. Greg Clary - Economist, Texas A&M Extension Service
Jim Davis - BID Center, NTCC
Mark Berglund - BID Center, NTCC
Joe D. Roach - County Extension Agent, Franklin County
Stan Garrett - Guaranty Bank, Mt. Pleasant
Dr. Jim Tollett - Coordinator of Agricultural and Industry Programs, NTCC

The first order of business was a discussion of the revised feasibility study outline provided by Mr. Berglund. Those present agreed the revised outline comprehensively covered all categories of information required for an adequate feasibility study. The addition of a summary and conclusion section to the outline was suggested and approved.

Next, based on the new outline, subcommittee responsibilities were reassigned to project participants. Mark Berglund was assigned the responsibility of writing the introduction. Greg Clary, Bill Everet, Gib Blackman, and Mark Berglund were assigned the task of compiling the market analysis section. Crop production concerns are to be addressed by Joe Roach and Mark Berglund. Jim Tollett and Mark Berglund, in accordance with key resource individuals, will acquire the necessary data to complete the technical analysis section. Stan Garrett volunteered to work on the financial analysis section. Also, Joe Dan Coe was designated as a crucial member of this subcommittee.

Following the discussion of the outline and subcommittee assignments, Mr. Berglund discussed the crop production and marketing reports prepared by him for the meeting.

The next NTRADC meeting, to be held in the NTCC board room, was set for 10:00 A.M. July 22, 1988.

Mr. Berglund was assigned the following tasks: compiling a mailing list of people associated with and who have an interest in the frozen food project; distribute a reminder of the next

NTRADC meeting one week before the date; developing a system by which collected data can be distributed to appropriate committee members; and organizing data collected on the project into a notebook to be made available to committee members.

Joe Roach mentioned the possibility of someone from the committee making a brief presentation on NTRADC's efforts to a meeting of area county extension agents in hopes of gaining recognition and their support. The meeting will be held in Avinger, TX June on 29th and 30th. Greg Clary supported the idea and volunteered to assist Mark Berglund with the presentation. Mr. Roach also mentioned that Country World, a local agricultural newspaper/magazine in Sulphur Springs, would print articles on our effort. A Country World reporter will be invited to attend the next committee meeting.

Recorder
Mark Berglund

CROP PRODUCTION REPORT

Texas is divided into 13 principle regions for which data is compiled on agricultural production. The East Texas area encompasses 34 counties of which Camp, Franklin, Hopkins, Morris, Red River, Titus, and Wood, are considered principle commercial producing counties with regard to vegetables. Other counties identified as principle vegetable producers are Bowie, Cass, and Upshur. Sweetpotatoes, tomatoes, and watermelons are the major commercial vegetable crops in this seven county area. The major fruit crop in the area is peaches. Regionally, black eyes and other green peas, cantaloupes, and potatoes are grown in many counties. Additional crops which could be easily grown include okra and pumpkins.

It is estimated that there are approximately 37,700 idle cropland acres in Camp, Franklin, Hopkins, Morris, Red River, Titus, and Wood Counties. A conservative estimate is that 20,000 of these acres are suitable for the cultivation of fruits and vegetables. Existence of this fallow land places the seven East Texas counties being considered as the initial core of support for a value added facility in a position to realize substantial growth in fruit and vegetable output. The combined total vegetable producing acreage for the 34 counties comprising the East Texas region is 15,540 according to 1985 Texas Department of Agriculture statistics. The utilization of an additional 20,000 acres would mean an increase of 129% over the 1985 figure. However, caution must be exercised. Increasing output will not automatically ensure the success of any project. An acceptable market must first be located which will provide a demand for a facility's product(s). Market concerns will be addressed in the following report.

MARKETING REPORT

The food processing industry is expected to grow at a rate between 1.2% to 1.4% per year for food purchased at the grocery store and 1.4% to 2.0% per year for away-from-home consumption up until the year 2000. Primary factors influencing this growth are increasing population and trading-up. Trading-up occurs when consumers spend a greater portion of their rising average disposable income on food products having a higher price per pound, greater convenience of preparation and more costly ingredients. Demographic factors will have a small but potentially important effect, at least from the frozen food project's perspective on food consumption over the next several years. Taste and preference changes during the next several years are more likely to affect distribution of food expenditures rather than total expenditure per person.

Processed fruits and vegetables should experience a 1.6% growth in 1988. This is slightly below the foods industry's projected 2.0% growth rate for the same period. During the next five years, the value of shipments of processed fruit, vegetable and specialty items is expected to increase at a compound annual rate of 1.8% to 3.8% adjusted for price changes[1]. While per capita consumption of frozen fruits and vegetables as a percent of total fruit and vegetable consumed rose 4% between 1972 and 1986 growth in this sector is expected to be slow to moderate due to stiff competition in the market place. Canned fruits and vegetables are declining in popularity partially due to increased demand for fresh fruits and vegetables. Several sectors of the processed food industry which will show substantial growth during the next five years are packaged juices, gourmet pizza, salad dressings, frozen entrees (notably Mexican and Cajun), and other microwaveable convenience foods. The increasing number of American households with microwave ovens and one and two-person households contribute heavily to this anticipated growth figure. Another market which exhibits potential is providing more convenient and nutritionally balanced entrees for people 65 and over. The number of individuals in this category is expected to grow at a rate double that of the general population.

Preliminary review of data collected thus far indicates projected growth over the next five years to be greatest in the "heat and serve" sectors of the industry. Therefore, identification and introduction of product into this sector might be a lead deserving further investigation. Also, further research on related products could possibly uncover increased future demand for items which could be produced with comparable processing operations at the same facility. Continued pursuit of a frozen food processing facility for fruits and vegetables returning long term benefits to the area would most likely necessitate the identification of an existing market from which to pirate sales or the consideration of operating as a subcontractor to a major food processing corporation. Harsh competition makes the introduction of new product by a small independent processing company an arduous and risky venture at best[2].

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[1] Source: Food Processing February 1988, VOL 49 NO. 2

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[2]. Viewpoint expressed by Dr. Ed Estes, Extension Economist North Carolina State University.

Appendix D:

SOLICITATION LETTERS FOR COMMERCIAL/INDUSTRIAL REAL ESTATE REFERRAL SYSTEM

Northeast Texas Community College
P.O. Box 1307
Mt. Pleasant, Texas 75455

Phone 214-572-1911
1-800-441-8568

February 9, 1988

Clyde Hoyt Robinson
P.O. Box 237
Gilmer, TX 75644

Dear Mr. Robinson:

Northeast Texas Community College has contracted with the Texas Higher Education Coordinating Board to write a model plan for economic development in our area.

As a real estate professional I'm sure you are aware that one major selling point we have to attract new business and industry is an abundance of unused and affordable properties. However, unlike many areas, there is no centralized source of information, no single point of contact for a business interested in locating somewhere in Northeast Texas. This results in confusion and inefficiency as a prospective business tries to identify sites in a broad geographic area which meet its specifications. In today's extremely competitive environment for recruiting business and industrial prospects, this situation places us at a distinct disadvantage compared to many other areas.

Therefore, we solicit your assistance in remedying this competitive disadvantage. We propose creating a database of suitable industrial land and commercial buildings available in a multi-county area. The Business and Industrial Development Center will act as a collection point for the information provided by area brokers. We will match the prospects' site specifications and geographic preferences with our database and refer the prospect directly to the listing broker. At no time will we attempt to "sell" the prospect on your listing, nor do we propose to participate in your commissions.

The Business and Industrial Development Center is an umbrella organization for several successful economic development projects. Our funding is currently derived from the Northeast Texas Private Industry Council, the Texas Higher Education Coordinating Board, the U.S. Small Business Administration and Northeast Texas Community College. Our goal is to become the focal point for economic development in Northeast Texas. With your cooperation in this effort, we can make this an even better place to live and work.

If you would like to learn more about our program, help us design the information system described above, or are willing to provide the database with your available listings, please return the enclosed card.

We look forward to hearing from you.

Best Regards,

Jim Davis
Program Director

Stan Adamson
Director Lifelong Learning
and Business Programs

JD/SA/mg

Enclosure

Report on Commercial/Industrial
Real Estate Database

On February 9, 1988 a letter (attachment ____) was sent to 236 licensed real estate brokers in Cass, Camp, Morris, Titus, Franklin and Upshur Counties. This letter described the need for a centralized information base of available commercial and industrial properties in order to better meet the needs of businesses seeking areas for relocation or expansion.

As of March 2, 37 replies had been received using the self addressed, stamped postcard enclosed with the letter. Responses are broken into the following categories:

17	Yes, interested in participating. Please provide further information.
2	Not interested in participating.
18	Inactive broker.
37	Total replies

Observations:

(1) The response rate to the inquiry (15.7%) is considered good.
(2) Response of those brokers currently active is highly favorable (17 of 19).
(3) Many of the largest brokers in the area are among those who expressed a positive interest in participating in the program.

Conclusion:

Sufficient interest exists to pursue development necessary to manage such a program.

Next step:

Invite all brokers, utility company representatives, and Industrial Foundation officers to a meeting to be held in late March at NTCC. The purpose of the meeting will be to discuss the mechanics of organizing and operating a real estate database referral system for commercial and industrial properties.

Attachments: February 9 Letter and Reply Card
Mailing list of interested brokers

BUSINESS & INDUSTRIAL DEVELOPMENT CENTER

Northeast Texas Community College
P.O. Box 1307
Mt. Pleasant, Texas 75455

Phone 214-572-1911
1-800-441-8568

April 15, 1988

Brenda Taylor
Route 7, Box 156
Gilmer, TX 75644

Dear Ms. Taylor:

I want to thank you for your affirmative response to our proposal to establish a centralized database for commercial and industrial property listed for sale in our area.

An organizational meeting will be held Tuesday, April 26, at 5:00 p.m., in the Board Room at Northeast Texas Community College (FM 1735). At this meeting, we will work to define the objectives of the system and the paperwork necessary to support the flow of information.

Your participation is crucial to the success of this proposal. Please R.S.V.P. with my secretary, Mary Graf, on or before Friday, April 22.

We look forward to working with you.

Best Regards,

Jim Davis
Program Director

Stan Adamson
Director of Lifelong Learning

JD/SA/mg

cc: Ruth Burns

Appendix E:

TEXAS CAPITAL FUND APPLICATIONS; PROCEDURES AND APPLICATION PACKAGE

TEXAS CAPITAL FUND

PROCEDURES AND APPLICATION PACKAGE

TEXAS DEPARTMENT OF COMMUNITY AFFAIRS
CITY AND COUNTY ASSISTANCE
Willie L. Scott, Executive Director
AUGUST 1987

WILLIAM P. CLEMENTS, JR., GOVERNOR

TEXAS CAPITAL FUND

The Texas Capital Fund (TCF) will provide money to encourage business development or expansion, and to assist in local infrastructure improvements that support private economic development. These funds, which are a part of the federal Community Development Block Grant, will be awarded for the express purpose of creating new permanent jobs or retaining existing jobs primarily for low and moderate income persons. Grants will be awarded to cities and counties through bi-monthly statewide reviews. Successful applicants may use the funds for loans to businesses or for public infrastructure improvements in support of private ventures.

The document which provides the rules, procedures, and application forms for the Texas Capital Fund Program may be requested from the Texas Department of Commerce, Mr. Aurey Johnson, Supervisor of Economic Development, P.O. Box 12728, Capitol Station, Austin, Texas 78711 and the street address is 410 East 5th Street 78701. Mr. Johnson may be reached by telephone at 512/320-0110.

PART I
GOAL AND OBJECTIVE, ELIGIBLE APPLICANTS AND ACTIVITIES

Goal and Objective

The goal of the Texas Capital Fund Program, as stated in the Housing and Community Development Act of 1974 (as amended) is "the development of viable communities ... by expanding economic opportunities, principally for persons of low and moderate income." The objective of the program is to expand economic opportunities that create or retain jobs, principally for low and moderate income persons. This objective was contained in TDCA's Final Statement and was approved by the U.S. Department of Housing Urban Development (HUD).

Eligible Applicants

Eligible applicants must be either an incorporated municipality or county government. These "units of local government" are further defined by federal law in Appendix I.

In addition, the applying city must be less than 50,000 in population and cannot be designated as eligible to receive Community Development (entitlement) funding from HUD. The population restrictions do not apply to a county applicant; however, as in the case of cities, the county would not be eligible for this program if it received entitlement funding from HUD.

Eligible cities or counties may submit applications that would provide assistance to a private business; however, the applicant government would remain ultimately responsible for the administration of the project.

Eligible Activities

The Texas Capital Fund provides resources for an applicant to make public infrastructure improvements in support of an economic development project, and it also permits the applicant to loan funds to a business or non-profit organization for the following uses:

Real property acquisition
New construction or rehabilitation of commercial or industrial facitilities
Purchase of machinery and equipment
Working capital

A complete list of federally approved activities are contained in Appendix II.

Each project must create or retain jobs for Texans. In order to comply with the national goal of expanding economic opportunities for persons of low and moderate income, at least 51% of the jobs created or retained by the proposed project must be filled by persons who have a family income of less than 80% of the county median income. County income figures are found in PART V.C. of the Texas Capital Fund application.

Ineligible Activities

The unit of local government may not grant Texas Capital funds to a business, nor can funds be used for debt service, refinancing or for paying the salaries of the business principals. In addition, any other activity not mentioned in Appendix II is ineligible.

Other Restrictions

No assistance will be provided for projects intended to facilitate the relocation of a business from one area within Texas to another, unless the relocating business provides satisfactory documentation that its only other alternative is to leave the State. An interstate relocation project may be considered if there is no objection by the local government in which the business is presently located.

TDCA will only consider applications that provide funding for one business.

TDCA will only consider a project proposed by a city that is in the city's corporate limits or its extraterritorial jurisdiction, and will only consider a project proposed by a county that is in the unincorporated area of the county.

TDCA will not consider an application where the applicant and one or more other cities or counties are competing to provide funds to the same project.

TDCA will not consider an application for funding in which the business to be assisted has filed under Chapters 7 or 11 of the federal bankruptcy code and the matter is in the process of being adjudicated or in which such business has been adjudicated bankrupt.

PART II

APPLICATION AND SELECTION PROCEDURES

Overview

In an effort to be responsive to the timing of economic development projects, applications to the Texas Capital Fund will be accepted approximately every 2 months. Scoring of the proposals will be performed/processed by TDCA staff. An Advisory Committee, consisting of private sector representatives, chosen by the TDCA Executive Director will assist the staff in evaluating the feasibility of projects. As in the case of all reviews for Texas Community Development funds, the State Review Committee examines the TDCA staff recommendations before they are considered by the Executive Director for final approval.

The overall soundness of the proposed project will be a major factor in the selection process. A total of 75% of the possible score is based on project design, which is largely a measure of probable economic success. Equity participation by the business principals is strongly encouraged. Other than the obvious limitation in total funds available for the year, there is no limit to the number of applicants that may be funded in any particular cycle. However, an applicant must be awarded at least 70% of the maximum possible score to be considered for funding.

Only personal or corporate equity participation and other private financing will be used for scoring purposes. [Public funding sources (i.e. SBA, FmHA, etc.) will not be considered in the scoring process.]

New jobs created may be given more weight than retained jobs in scoring economic development applications. A retained job in which the assisted firm provides at least one dollar of additional private investment (personal/corporate injection and/or bank loan) for each dollar requested will have the same weight as a newly created job. In contrast, a retained job in which the assisted firm provides less than one dollar for each dollar requested will have one half the weight of a newly created job. Additionally, businesses claiming retained jobs as part of a proposal must provide documentation that the employees will be laid off or the business will close down or relocate out of state if Texas Capital Fund monies are not made available.

The applicant must identify the amount of capacity required by a business, where a firm requires infrastructure improvements such as expanded sewage treatment facilities. The firm's capacity (fc) is then divided by the total capacity of the improvements (tc). The ratio (fc/tc) represents the limit an applicant can request for the infrastructure improvement under the Texas Capital Fund. The applicant must include commitments from other funds that may be required to complete the project if the firm's capacity is less than total capacity.

Number and Types of Applications

An eligible applicant may submit one application for funding for an economic development project. Two or more eligible applicants may submit a joint application for funding if there is a documented need for the project to be submitted as such based on physical location factors.

Funding Cycle

The Texas Capital Fund will be available every two months to eligible units of local government on a statewide basis. Applications must be received (not postmarked) by TDCA's City and County Assistance Division no later than 5:00 p.m. on the deadline date. The following are the application deadlines for the 1987 program year:

October 15, 1987
December 15, 1987
February 15, 1988
April 15, 1988
June 15, 1988
August 15, 1988

Please contact the TDCA City and County Assistance Division to verify availability of funds and application deadlines before preparing applications, as no ceilings have been established for each competition. Later competitions may be cancelled if all funds have been committed.

While these dates are the latest possible dates for submission, it is always helpful to submit applications in advance of the deadline. There are two cases where advanced submittal is either necessary or helpful to the applicant.

(1) Those communities that conduct local surveys to determine unemployment rates must submit their results to TDCA for review and verification 30 days prior to the application due dates. Survey data received after the allotted time will not be accepted by TDCA to support the application.

(2) The TDCA staff review any application received 14 days prior to the application deadline for completeness and eligibility. Staff will inform the applicant as to any deficiencies in the application which must be corrected by the application deadline. Those applications received by TDCA after the 14th day prior to the application deadline will be treated as complete and will be processed as received. An incomplete application will not be processed for scoring. For that reason, applicants are strongly encouraged to take advantage of the early review opportunity to ensure that their application contains all required information.

Grant Maximum and Minimum

The following maximum and minimum grant apply to the Texas Capital Fund.

Maximum	$500,000
Minimum	$ 50,000

These amounts apply to any project funded under the Texas Capital Fund regardless of whether the application is submitted by a single applicant or jointly by two or more eligible jurisdictions.

A unit of local government may only submit one application for each competition, and an applicant may receive only one Texas Capital Fund award during the program year.

Selection Procedures

The Texas Capital Fund awards will be selected through statewide reviews on a bi-monthly basis. Scoring and recommended ranking of projects will be done by TDCA staff. The Texas Capital Advisory Committee, consisting of private sector representatives selected by the Executive Director of TDCA, will assist the staff in evaluating the design and feasibility of the projects. The application and selection procedures consist of the following steps:

1. Submission of applications by eligible jurisdictions. Prior to the submission deadline, each eligible jurisdiction may submit one application for funding consideration under the Texas Capital Fund per competition. Copies of the application should be provided to both the appropriate Regional Review Committee and TDCA. An unsuccessful application from a previous competition will only be accepted if it is submitted as a new application with updated attachments and financial information. (One additional public hearing must be held for resubmission within the same program year).

2. Review of application for completeness and eligibility of proposed activities. Upon receipt of an application, the TDCA staff will perform an initial review to determine whether the application is complete and whether all proposed activities are eligible for funding. In those instances where the TDCA staff determines that the application is either incomplete or that the activities are ineligible for funding, the applicant may correct any deficiencies in the application as long as it is resubmitted and corrected prior to the application deadline. The only exception to this is applications submitted prior to the pre-review deadline. Results of this initial staff review will be provided to the applicant. The TDCA staff will then conduct a review of each application to make four threshold determinations with respect to:

    a. The financial strength of the business to be assisted based on a credit analysis.

b. The strength of commitments from all other private and/or public investments identified in the application;

c. Whether economic development funds are necessary or appropriate to carry out the project proposed in the application.

d. Documentation must be included to ensure that at least 51% of the permanent jobs created or retained will benefit low to moderate income persons.

3. Regional Review Committees provide additional information or comments to TDCA. Each RRC may, at its option, review and comment on a Texas Capital Fund proposal from a jurisdiction within its state planning region. These comments will become part of the application file and will be considered by TDCA provided such comments are received by TDCA within 21 days after the application deadline.

4. TDCA staff generates scores on selection criteria related to economic distress, minority hiring, cost per job, equity participation, private leveraging, and the quality of jobs for low- and moderate-income persons. Scores on factors in these categories are derived from standardized data from the Texas Employment Commission, the Office of the Comptroller of Public Accounts, and from information provided by the applicant.

5. Each application is then scored based on factors related to the soundness and feasibility of the proposed project. This information and comments provided by the Regional Review Committees are used by TDCA staff, with the assistance of the Texas Capital Advisory Committee (as needed), to generate scores on project design. TDCA staff will provide an opportunity for applicants to make a brief presentation prior to the final scoring.

6. Scores on all factors are totaled to obtain overall project rankings. The projects are then ranked based on the total score for each application. An applicant must receive at least 560 points out of a possible 800 points to be considered for funding.

7. Based on a final technical review of the highest ranked applications, TDCA staff makes recommendations for project selection to the State Review Committee. The State Review Committee reviews the work of TDCA staff and the Texas Capital Advisory Committee, as applicable, and provides funding recommendations to the Executive Director of TDCA.

8. The Executive Director of TDCA reviews the recommendations and announces the projects selected for funding.

9. TDCA staff works with the recipients to execute contract agreements. While the contract award must be based on the information provided in the application, TDCA may negotiate any element of the contract agreement with the recipient.

Selection Criteria

The following is an outline of the selection criteria used by TDCA for selection of projects under the Texas Capital Fund. A maximum of eight hundred (800) points are available.

1. Community/Economic Distress (Total - 150 points) - All economic distress factor scores are based on the applicant's jurisdiction.

   a. Unemployment rate 50

   The unemployment rate is defined as the applicant's most recent annual average county unemployment data.

   b. Lag in job growth 50

   (Note: Lag in job growth is defined as percentage job growth in the applying jurisdiction divided by the percentage job growth for the statewide competition.)

   c. Lag in sales tax revenue 50

   (Note: Lag in sales tax revenues is defined as percentage change in sales tax revenues in the applying jurisdiction divided by the percentage change for the statewide competition.)

2. Minority Hiring (Total - 50 points) 50
   Percentage of minorities presently employed by the applicant (local government) divided by the percentage of minority residents within the local community. In the event less than 5% of the applicant's population base is composed of minority residents or the applicant has less than five permanent employees, the applicant will be assigned the average score on this factor for all applicants in that competition, or the score based on its actual figures, whichever is higher.

3. Project Design (Total - 600 points)

a. Quantitative scores (Total - 250 points)

i. Cost per job (TCDP funds requested divided by number of jobs to be created or retained.) — 50

Under $4,000	50
$4,000 - $6,500	40
$6,501 - $9,000	25
Over $9,000	0

ii. Personal/corporate equity participation — 100

20% and over	100
15-19%	75
5-14%	50
Less than 5%	0

Credit for personal/corporate equity is given only for the following:

- Cash injection by principal(s), partnership, or corporation

- Land presently owned by principal(s), partnership, or corporation to be utilized specifically for the economic development project. However, a certified independent appraisal must be included with the application. Credit will be given for appraised value minus the indebtedness, if applicable.

iii. Leveraging of other private investment (i.e., banks, savings and loans, mortgage companies or other private lending institutions). — 50

?

50% of project cost	50
Less than 50%	0

iv. Quality of jobs for low and moderate income persons (based on proposed employee salaries) 50

Minimum wage + 50% and above	50
Minimum wage + 30%-49%	30
Minimum wage + less than 30% and part-time	0

b. Project Feasibility 350

Feasibility of each project is evaluated and scored based on the following factors pertaining to the financial soundness of the project. Among the specific factors to be examined in this phase of the evaluation are: firm commitments for financial investments and the jobs to be created or retained; history of the business; current financial condition of the business (including a full review of the credit analysis); cash flow projections; business or marketing plan (including letters of intent to purchase product(s) or service(s); management experience of the business' principals.

APPLICATION FORMS AND INSTRUCTIONS

This package contains the instructions and forms for preparing and submitting an application for assistance through the Texas Capital Fund (TCF) of the Texas Community Development Program (TCDP).

Prior to submitting an application, the applicant must hold two public hearings. The first must be held before preparing the application; the second, before submitting the application to TDCA. Public notices of all hearings must be published in a newspaper at least seventy-two (72) hours before the scheduled hearing. These notices must indicate the date, time, location, and topics to be considered. Notices should also be prominently posted in public buildings. (Refer to P13 of the Procedures Manual for further clarification.)

All Texas Capital Fund applications must contain the following completed sections of the application.

Part I	-	Agency Requirements (A. through H.)
Part II	-	Business Plan/Feasibility Study
Part III	-	Project Financing (A. through F.)
Part IV	-	Employment Factors (A. through D.)
Part V	-	Financial Information (A. through E.)
Part VI	-	Project Implementation Schedule
Part VII	-	Project Maps
Part VIII	-	Local Government Information (A. through E.)

At least one signed completed copy of the application should be mailed to the appropriate Regional Review Committee. (Financial information and Business Plan/Feasibility Study (except project financing) should not be included with this copy). Additionally, two signed completed copies of the application (including financials and the business plan) should be mailed to:

Texas Department of Community Affairs
8317 Cross Park Drive
Austin, Texas 78754-5124

Attn: City and County Assistance Division

All applications must be received at the offices of the City and County Assistance Division by 5:00 p.m. on October 15, 1987 for the first competition, and on the following dates for subsequent competitions:

December 15, 1987

February 15, 1988

April 15, 1988

June 15, 1988

August 15, 1988

NOTE: Please contact TDCA to verify TCF application deadlines and availability of funds prior to preparing the application, as no ceilings have been established on available funds for each competition.

Appendix F:

REVOLVING LOAN FUNDS;
GENERAL INFORMATION

REVOLVING LOAN FUNDS

The material for the following document was derived from a CUED publication and material compiled by Roland Arriola.

REVOLVING LOAN FUNDS

In the 1970s, local government officials became more innovative and creative in developing business finance tools. Most of these financing innovations were developed in response to economic condition--decline and dis-investment--that threatened the vitality of many cities. Many are variations on or adaptations of private lender practices.

Revolving loan funds (RLFs), in particular, have become an increasingly popular business financing tool because of their ability to leverage public and private dollars and recycle funds as well as their flexible design and simple operation. Often administered by a city agency or other entity (usually a non-profit organization) RLFs provide firms with direct loans, loan guarantees and other financial assistance. As the RLF receives the principal and interest from outstanding loans, the money is made available to another borrower. This recycling of funds makes RLFs particularly valuable in light of the growing scarcity of development funds.

RLFs are designed to alleviate the high cost and short supply of capital for urban businesses by providing flexible loan terms. Typically, RLFs lower the rate, lengthen the term, or reduce the risk of a loan. By increasing accessibility to capital, RLFs help firms expand, develop or remain in urban areas. And by providing critical subordinate financing for a loan package instead of 100 percent direct financing, RLFs are an effective tool for leveraging. RLF loans are typically combined with other public or private dollars.

A number of funding sources can capitalize a revolving fund. One of the most popular is the Community Development Block Grant (CDBG) program. It allows local governments greater flexibility in funding a broad range of economic development activities as well as more control in selecting, designing and administering those activities than most other federal programs. Recent Legislative changes enhance the CDBG program's appeal as a source of capitalization for RLFs by requiring little upfront paperwork and by allowing local governments to provide direct business assistance.

ESTABLISHING A REVOLVING LOAN FUND

The process described here for establishing revolving loan funds with CDBG funds is divided into five general phases: initiation and concept, feasibility, design, approval, and organization and management. It is designed to serve as a general guide, not a blueprint for specific action.

This process offers alternative approaches and policy guidelines that a community should consider before establishing a revolving fund. It should be amended and tailored to the needs of the individual community since the activities of each phase may occur in an order different from the one presented, and some of the activities may occur simultaneously.

Initiation and Concept

The first step in creating an RLF is to identify a clearly defined and defensible need for it. The second step is to form a concept for an RLF based on the identified need.

Assessing Need

First, to assess need, the city should:

- Evaluate overall existing community economic conditions (e.g., blighted or vacant land and facilities).
- Identify target population. The target population may be either certain types of firm (e.g., high technology), firms located in specific geographic areas (e.g., downtown), or firms facing financing problems (e.g., high interest rates or redlining by area banks).
- Identify target geographic area, if there is one.
- Evaluate existing community resources (e.g., banks, other RLFs). If overlap exists, be able to provide a rational justification for creating RLF.
- Determine if RLF is needed to address identified financial problems.

Forming a Concept

To begin forming a concept of the place of the RLF in the overall economic development strategy:

- Establish goals and objectives for the revolving fund.
- Review goals and objectives of local economic development programs to see if conflicts exist.
- Review operating procedures of other local economic development programs to minimize unnecessary overlap and conflicts.
- Determine potential role of RLF in local economic development strategy (e.g., stabilize and diversify area economy, generate tax revenues).
- Develop options for financial assistance to be offered (i.e., loans, guarantees), activities to be funded (i.e., working capital, inventory, fixed assets), loan terms and conditions (i.e., size, terms, rates), and eligible firms.

Feasibility

After the city has determined that it needs an RLF and that support exists, the concept is more fully developed and then tested.

Funding Feasibility (with CDBG)

When considering capitalizing an RLF with CDBG funds:

- Review HUD requirements and concerns
- Identify all other applicable federal laws with which the RLF must comply (e.g., Davis-Bacon, civil rights, and environmental laws).
- Consider amount of CDBG funding available to capitalize the loan pool or to cover administrative and operating costs.
- Consider other funding sources that could be used to cover start-up administrative costs.
- Consider other funding sources that could contribute to the RLF (i.e., foundations, etc.).

Political Feasibility

- Present concept to public officials, lenders, businesses that will not benefit from RLF, including those that believe CDBG funds should be spent on other activities, and other community leaders to gauge their support.
- Determine what groups or individuals might have an opportunity to influence the design of the RLF (e.g., community development and other city agencies, banks) and present concept to each.
- Survey target business population to determine their interest in using RLF financing.

Legal Feasibility

- Investigate local and state statutes applicable to revolving loan activities.

Organizational Feasibility

- Consider delivery mechanism (i.e., city agency, non-profit corporations, etc.).
- Consider staffing arrangements (depending on delivery mechanisms) and staff expertise needed.
- Explore possible linkage to local financial institutions (in-house servicing and processing vs. contracting out).

Design

Once the RLF concept has been tested and approved, it must be carefully expanded and refined. There are five basic areas where decisions must be made in designing and RLF program.

Funding

- Determine all funding sources available to capitalize the loan pool and pay for administrative and operation costs, including start-up administrative costs.
- Decide if fees for packaging, servicing, closing, organization, etc. will be charged to help cover administrative costs.

Lending and Investment Criteria

- Determine activities to be funded--rehabilitation, land acquisition, facade restoration, fixed assets, working capital, equity capital, construction, site development. Base this decision on what financing commercial or industrial firms find most difficult to obtain from private lenders and other local financing programs.
- Determine who will be eligible for assistance--size of business in terms of assets and employees, types of business, ownership, new or existing business, location. Evaluate what local economic objectives or financial market gaps need to be addressed in establishing eligibility criteria and how restrictive the criteria should be.
- Determine loan selection criteria--number and types of jobs to be created, potential of jobs created to be filled by target area residents, ratio of loan fund dollars to jobs created, minority enterprise development, growth potential of borrowing companies, minority employment, generation of tax revenues, etc. Consider what minimum performance standards should be established for the RLF.
- Establish prudent standards for determining creditworthiness of borrowers and for underwriting loan requests.
- Establish loan terms and conditions--collateral, requirements, size, terms, rates, maturity, payment period, position, penalties, special conditions, disbursement. Address local economic objectives or financial market gaps in designing the loan terms.
- Establish model legal documents--notes, mortgages, closing requirements such as liens and guarantees.

Type of Assistance

- Determine financial assistance to be offered--direct loans, companion loans, loan guarantees, etc. Find out which local lending institutions want to participate; what kind of assistance are they willing to provide; and to what loan terms and roles in evaluating loan applications they are agreeable.
- Determine non-financial assistance to be offered--technical assistance and financial packaging. Survey firms to determine what technical and management assistance firms need and what other organizations (chamber of commerce, university) could provide such help.

Delivery Mechanism and Staffing

- Determine needed staff capability--marketing, servicing, packaging, processing, closing, legal, accounting.
- Decide if staff must be hired or if they can be shared with or borrowed from other city agencies, development corporations or local lending institutions.
- Determine the involvement of private lenders in screening, evaluating or servicing loans and how this affects staff requirements.
- Determine the organizational vehicle through which the RLF will function--city agency, economic development corporation, local development corporation, community development corporation.

Marketing Strategy

- Determine if a marketing strategy is needed.
- Development marketing strategy--press conferences; direct mail; trade journal and newspaper advertisements; distribution of material and presentations to realtors, accountants, developers, real estate brokers, lenders, and business associations; visits to potential borrowers.
- Decide who should be responsible for marketing--RLF staff, chamber of commerce, other economic or community development organizations or agencies.

Proposed Methods of Recapitalization

- Seek capitalization funds from other public and private sources.
- Limit the amount of loan pool funds that may be committed at any one time.
- Sell loans at a discount to private lending institutions.

Approval

Depending on the locality's political structure and the individuals, groups and institutions involved in establishing the RLF, approval may take place earlier in the planning process or may occur more than once. At the local level, city staff should prepare and present the RLF proposal package for approval of the city council or other appropriate local governing bodies, lending institutions, business and community organizations (if necessary). Approval from HUD is not required to establish a revolving loan fund.

Organization and Management

Before the RLF is ready to operate, a number of administrative and management activities must be completed.

Program Administration

- Formulate loan review and approval process. Should there be a pre-application? When should the bank and the loan committee review loan requests? What criteria should be developed to evaluate loan requests?
- Establish loan board or committee--the number of members it should have, the skills and segments of the community it should represent and the responsibilities it should have.
- Determine who will be responsible for loan packaging (RLF staff, borrower's financial advisor, bank) and what information will be required for a loan package (annual financial statements for the past three to five years, project description, business operation projections for the next year to two years, history of business's major customers and suppliers, identification of and financial statements of principles, etc.).
- Decide who should perform the financial analysis and loan servicing--RLF staff, participating lending institutions, a single lending institution, a loan review committee member, etc.
- Set a loan origination process. Which loan terms are negotiable? What environmental, civil rights or other considerations or assurances must be filed with the loan?
- Decide how loans will be executed. Will funds from the city's general fund account be used to make the loan and CDBG funds be drawn down later to reimburse the city account?

Policy Management and Evaluation

- Decide if the city should establish evaluation procedures for the RLF.
- Determine how RLF policy development and the continuing revisions to the RLF and its administrative procedures will be handled.

Program Objectives

Regardless of the final regulations, economic development practitioners planning to use CDBG recaptured funds to capitalize or administer a revolving loan fund should remember that any CDBG activity must meet one of the program's three broad national objectives:

- Benefit to low and moderate income persons
- Elimination or prevention of slums and blight
- Urgent needs

It must also satisfy the requirements of other applicable laws (NEPA, Civil Rights, Equal Opportunity, Davis-Bacon, or Uniform Relocation).

Although controversy continues on the extent to which a community's overall community development program will be evaluated in terms of the program's primary objective (benefit to low and moderate income persons), there will be no change regarding the need for each activity to meet one of the three broad national objectives. (For specific information on the entitlement regulations or HUD's monitoring procedures, contact your HUD area office.)

Most economic development activities will meet the objective of benefit to low and moderate income persons if: (1) the majority of the permanent jobs created or retained through a CDBG-funded economic development activity is available to low and moderate income persons; or (2) the activities benefit a neighborhood business area where the majority of residents are low and moderate income.

In defining the "availability" of the jobs, HUD considers:

- Nature and extent of the skills, education, and experience required to qualify for the jobs.
- Training opportunities which would make such jobs available to low and moderate income persons who would not otherwise qualify.
- Advertising and recruiting efforts directed toward low and moderate income persons.
- Present Income of Beneficiaries (HUD Section 8 Requirements for a family of four).

It is more difficult for CDBG-funded business assistance activities to meet the second objective--preventing or eliminating slums or blight. Physical improvements related to business development, such as land acquisition or site assembly in a slum or blighted area, could qualify. Assistance to individual businesses is less likely to meet this objective than, for example, physical improvemens to a row of commercial buildings. Elimination of a specific detrimental condition on a spot basis (i.e., outside a designated slum or blighted area) through acquisition, demolition and relocation is permitted; however, rehabilitation assistance is limited to correcting conditions detrimental to public health or safety under this provision.

This final objective--meeting an urgent community need--cannot be readily addressed by a CDBG-funded revolving loan fund.

Eligible CDBG Activities

Eligible economic development activities under CDBG fall into three categories: business development, site development, and planning and administration. First, in business development programs, block grants funds can be used for:

- Loans and loan guarantees to new or existing small or minority businesses and non-profit corporations. These may be used for fixed-asset, or working capital.

- Provision of the required local injection necessary for an 301(d) SBIC or LDC to qualify for SBA programs.

- Technical assistance for minority and neighborhood-based businesses.

- "Special economic development activities" (those not listed as eligible in other sections of the regulations). This allows CDBG recipients to provide direct assitance to private, for-profit entities. Localities may support special development activities by any financing vehicle (e.g., loans, guarantees) permitted for other activities. In addition, certain development entities such as LDCs may use CDBG funds to assist firms with working capital or operating funds.

Before a grantee disburses funds for such activities, it will need to document the circumstances leading to its determination that providing assitance to a private firm is indeed "necessary or appropriate." Such documentation must be placed in the recipient's project files prior to committing the funds and must be available to HUD for review.

As under the previous regulations, any private funds subsidized or guaranteed in any way by CDBG funds are subject to the same requirements and certifications as projects directly assisted by block grants.

Second, community development block grant monies may support the following physical development activities:

- Acquisition of real property;

- Acquisition, construction, reconstruction, rehabilitation or installation of public facilities when "necessary or appropriate" to carry out the jurisdiction's economic development strategy;

- Acquisition, construction, and rehabilitation of commercial and industrial facilities. This can include purchase of fixtures and equipment that are part of the real estate, energy conservation improvements, and improvements necessary to the viability of the enterprise (such as rail spurs).

Third, CDBG regulations stipulate that not more than 16 percent (16%) of a city's available program income may be used for general administrative costs.

Davis-Bacon

The applicability of Davis-Bacon requirements to the CDBG program has been narrowed in the new regulations.

The primary objective of the Davis-Bacon law remains to protect local jurisdictions from potentially depressing influences of lower wage rates that might be imposed on federally assisted construction projects. This objective is achieved through contract conditions that require payment of wages that at least equal the prevailing rate in the areas where the projects are undertaken. The Davis-Bacon Act requires that each contract over $2,000 to which the federal government is a party be governed by the prevailing wage requirement.

Using CDBG Recaptured Funds for Revolving Loan Funds

CDBG recaptured funds can be used for virtually any capital or administrative function of the revolving loan fund. An RLF offers a number of financing and underwriting options that can complement various economic development strategies. They can be used to:

- o Make companion or second loans, which can reduce the overall project interest rate;
- o Give direct loans at favorable interest rates and terms;
- o Guarantee loans made by private lenders;
- o Provide the required local injection for SBA 503 loans;
- o Arrange interest subsidies together with private lenders;
- o Provide collateral for private financing;
- o Pay insurance or administrative costs for notes or bonds as well as pay any reasonable administrative fees imposed by financial institutions on transactions relating to the project.

The variety of "special economic development activities" now eligible for financing with CDBG-funded RLFs will be important for local economic development practitioners. Recipient jurisdictions will now be able to attract investment by directly financing it, if they so wish. These factors can strengthen a city or county's hand in luring development investment, including investments that generate a return to the city. For example, a CDBG-recaptured-funded RLF could provide assistance for the construction of a downtown shopping area, providing below-market interest rates and deferring initial payments until the area can attract a market. In exchange, the city may ask for a percentage of the future gross or cash flow.

Administrative and related costs associated with the RLF (such as office space, supplies, etc.), the salaries for the staff that operate it, as well as planning costs necessary for its design and implementation may also be drawn from CDBG funds and assigned to the RLF activity. In addition, technical assistance to prospective RLF clients may also be provided with CDBG assistance. No local funds are required for either capitalizing or administering an RLF.

INGREDIENTS FOR SUCCESS

CUED asked key staff of the Lewiston, Lynchburg, and Philadelphia revolving loan funds to identify factors that have contributed to the success of their revolving loan funds. These lessons, in their judgement, are improtant for public officials to consider in setting up or operating an RLF:

- Reduce political influences on the loan selection process as much as possible.
- Simplify the RLF loan terms and conditions as well as the approval process so that they do not seem complicated, time consuming or cumbersome to client firms.
- Design loan terms and conditions that allow the city or county to assume greater risks than those private lending institutions are willing to take, but do not make them so risky that the city assumes bad debts.

- Allow for flexibility in establishing loan terms and conditions to tailor loans to the needs of individual firms.
- Establish clear goals and objectives for the RLF.
- Select staff with experience and educational background in accounting and small business finance.
- Establish and maintain a good working relationship with local private financial institutions.
- Target the RLF marketing strategy to eligible firms and develop marketing activities that clearly convey to target firms the purpose and guidelines of the RLF.
- Structure the RLF loan committee and other advisory bodies to include representatives and officials interested in the RLF.
- Maintain contact with client firms after they have received a loan to identify new financing or technical assistance needs.
- Operate the RLF in a businesslike and professional manner.
- Eliminate or reduce federal requirements with which clients must comply.

Appendix G:

SBA LOAN PROGRAMS;
GENERAL INFORMATION

SMALL BUSINESS ADMINISTRATION
7(a) LOAN GUARANTEE PROGRAM

- WORKING CAPITAL AND FIXED ASSET FINANCING
- REDUCES CREDIT RISK
- PROVIDES COLLATERAL SUBSTITUTION/LIQUIDITY TO LENDERS

PROGRAM DESCRIPTION

The Small Business Administration (SBA) 7(a) Loan Guarantee Program can provide assistance to small businesses to obtain financing for a variety of purposes. The 7(a) Program guarantees commercial lending institutions up to 90% for loans under $155,000 and up to 85% for loans over this amount when lending to a small business. Loan proceeds may be used to finance working capital, fixed asset acquisition (including equipment, land, and buildings) and leasehold improvements. Working capital includes: acquisition of inventory, financing of receivables, and reduction of trade debt.

The business must be willing to contribute some equity: the amount is dependent on the type of project. Most start-up companies are required to contribute at least a 30% equity injection.

WHO IS ELIGIBLE ?

For-profit small businesses, particularly those unable to obtain conventional financing are eligible. Generally, a business is considered to be a small business if it meets the following size limitations:

- Retail, Service, and Construction: Sales do not exceed $2 million
- Wholesale: Sales do not exceed $9.15 million
- Manufacturing: Employees do not exceed 250 people

There are also limitations on the personal net worth of the business owner.

WHAT ARE THE TERMS ?

The program allows real estate loans of up to 25 years and working capital loans of up to seven years. The rate for SBA 7(a) guaranteed loans may not exceed the prime rate by more than 2.75%. Loans may be for either a fixed or variable rate. Collateral may include mortgages on commercial buildings, equipment, assignment of receivables, and may also include personal assets.

HOW TO APPLY

This loan guarantee program can be obtained by submitting an application through a local lender.

For further information or assistance contact:

Texas Department of Commerce
P.O. Box 12728, Capitol Station
Austin, Texas 78711
(512) 472-5059

SMALL BUSINESS ADMINISTRATION
504 LOAN PROGRAM

- LOW DOWN PAYMENT
- REASONABLE INTEREST
- LONG-TERM FIXED ASSET FINANCING
- LOWER LENDER RISK

PROGRAM DESCRIPTION

The Small Business Administration (SBA) 504 loan is a fixed asset financing program which offers small businesses fixed interest loans at a below market rate. The purpose of the program is to stimulate local investment and create new or save existing jobs. Loan proceeds may be used for building machinery acquisition or rehabilitation, leasehold improvements, and machinery and equipment. Generally, projects estimated to cost between $200,000 and $1.7 million are suitable for the SBA 504 program. A private financing source, usually a bank, provides 50% of the eligible project costs. Forty percent (40%) of the total project costs may be financed by the SBA, the maximum participation being $500,000. The business must provide a minimum 10% equity contribution.

WHO'S ELIGIBLE ?

The program is available to successful small businesses planning an expansion or relocation. The SBA's size criteria for a small business is broad: any business whose net worth is less than $6 million and whose profits after tax were under $2 million for the previous two years, may qualify. Businesses with a three year track record are desirable, but not mandatory. There are no limitations on the personal net worth of the business owners. The 504 program is limited to owners-users; developers do not qualify for loans under this program.

WHAT ARE THE TERMS ?

The 504 loan program is a dual program which involves the SBA (through a Certified Development Company) and a private lending source. Private lenders make up the first mortgage loans for 50% of the project costs, using their normal credit terms. SBA 504 loans are second mortgage loans for 40% of the project costs (the CDC portion). The private lending source generally is a bank, although seller financing is an option. The rate charged on the private loan is set by the private lender and may be fixed, variable, or floating. The term is also set by the private lender, subject to a ten year minimum.

The SBA 504 loan is subordinated to the private loan and is offered at an interest rate set at .75% over the U.S. Treasury bond rate. The rate fluctuates with the market and is set once a month for loans that are closed in that month. When a loan is closed, the rate is fixed and remains constant over the life of the loan. The interest rates have been averaging between 8% and 10%. The loan's term is tied to the life of the assets and is either 10 or 20 years.

A typical 504 loan financing structure for an existing business is as follows:

ONE MILLION DOLLAR PROJECT

$500,000	Private Lender-First Mortgage
$400,000	SBA subordinated Debenture-Second Mortgage
$100,000	Equity

HOW TO APPLY

SBA 504 loan applications require the same type of information a bank normally requests when making a credit decision: Financial statements from the previous three years and current within 90 days, personal financial statements of the principals, statements on affiliate businesses (if any), information on the project including construction bid documents, plans and specifications, appraisals, letters from the private lender indicating rates and terms of the take-out financing, and some brief information indicating the management experience of the principals and the business plan. SBA loans are take-out financing, not construction loans. Interim construction and/or rehabilitation costs must be financed through a lender, usually the bank providing the permanent loan.

For businesses seeking a 504 loan, the Texas Department of Commerce staff act as an intermediary between the business, the lender, the SBA and other agencies in the development process. Finance staff members will assist businesses in assessing their debt service capacity, structuring the financing, preparing pro formas, and other tasks related to preparing the loan application. Staff can enhance the securing of the SBA loan through their knowledge of SBA regulations and loan requirements.

For further information or assistance contact:

Texas Department of Commerce
P.O. Box 12782, Capitol Station
Austin, Texas 78711
(512) 472-5059

Appendix H:

TRIANGLE IN THE PINES PROMOTIONAL BROCHURE

TRIANGLE
IN THE
PINES

"It's Where You'd Rather Be"

3 CITIES FOR
3 TIMES THE FUN:

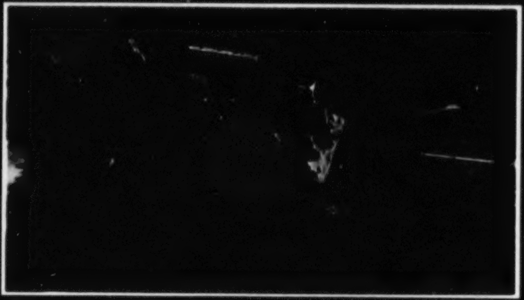
DAINGERFIELD
LONE STAR
HUGHES SPRINGS

DAINGERFIELD:

"Daingerfield Citizens Care"

- Home of the beautiful DAINGERFIELD STATE PARK, featuring 551 acres of unspoiled natural beauty, with 31 campsites equipped with water, and adequate RV hookups, as well as an 80-acre lake for boating, fishing and swimming. (Pictured on front of brochure at the peak of its annual fall splendor.)

- History buffs will love visiting the Morris County Museum located in downtown Daingerfield. Built to serve as a courthouse for the county seat in 1881, it now houses many fine historical exhibits and displays to delight and educate visitors of all ages. (Pictured above: Morris County Museum is often the starting point for the city's Christmas parade – this one featured Doc Severinson as Grand Marshall.)



- Nearby – Northeast Texas Community College, bearing the motto "The Bright New Star in Northeast Texas." A junior college featuring the latest in modern facilities and technology.

LONE STAR:

"The Brightest Star in Texas"

- Known nationally as the home of Lone Star Steel Company – visit the old Hughes Furnace Replica on display at the Plant's main gate, which served as an iron making device in the mid 1800's.

- Spectacular Lone Star Lake, bordered by stately pines in a natural setting, provides the best in boating, fishing, and lakeside living. It is acknowledged as one of the finest open-water lakes in East Texas. Lone Star City Park and other boat-ramp locations give the public easy access to its use.

- Hospital-in-the-Pines, an excellent community health-care center, began serving Triangle-in-the-Pines in 1959. It provides around-the-clock emergency care as well as needed surgical and medical services. Newly-constructed super-highways conveniently link the hospital to all three cities.

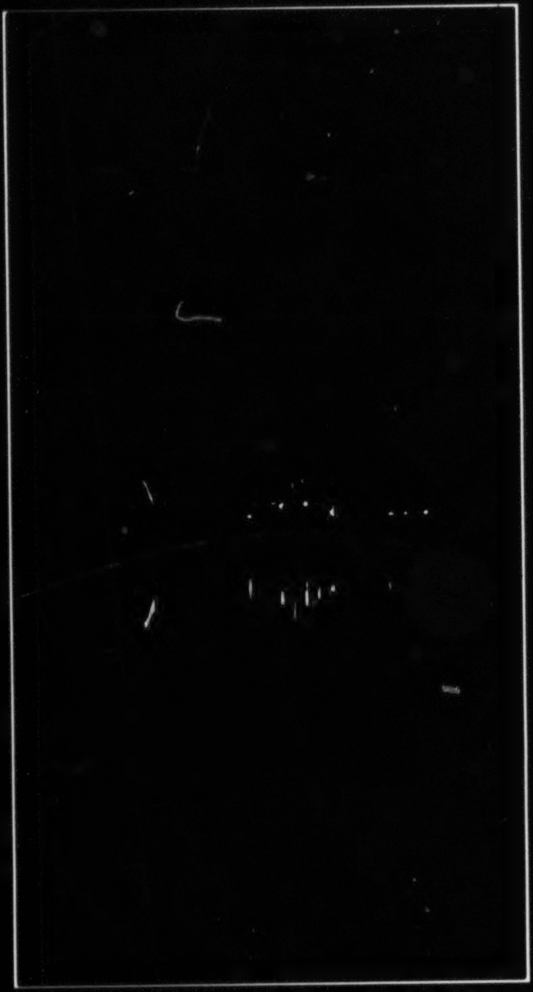
HUGHES SPRINGS:

"Where Hospitality is a Habit"

Hughes Springs offers the artist and the photographer abundant beauty year-round, from the beauty of rustic country living to one of the fastest growing industrial areas of the nation. Visitors to Spring Park will enjoy tasting the natural spring water at Spring Park, acclaimed by early settlers for their curative powers.

- The famous Wildflower Trails celebration is an annual event each April in Hughes Springs when visitors to the area enjoy the panaromic natural display of many varieties of wildflowers along the trail, as well as many entertaining activities in downtown, including a street dance, country music, and arts and crafts.

Incomparable Beauty



Rest, recreation, and family fun is what Triangle in the Pines specializes in as well as a low tax base supplemented by area industry. Pictured above is Lone Star Steel, the steel-making giant that gave birth to the city of the Lone Star in the 1940's and is responsible for making the area the hub of oil-country tubular steel production and testing, storage, and transportation of tubular steel products.

For a weekend, a vacation, or a lifetime, TRIANGLE IN THE PINES is known for:

TOURISM: Trammell Trace history of Indians and pirate treasure are only a small part of the legend and history that tourists will enjoy — not to mention the fine water sports and camping facilities.

RECREATION: Hunting, fishing, and local country club for golfers.

RETIREMENT: Low tax base as well as affordable housing and real estate, low crime rate, good hospital and educational facilities.

INDUSTRY: The finest in steel, and pipe-related industry plus water and power plants, roofing plants, and favorable community support that allows for ever-expanding industrial opportunities.

For more information, call or write:

TRIANGLE IN THE PINES
106½ Webb
Daingerfield, Texas 75638
Phone: (214) 645-2646

TRIANGLE IN THE PINES:
"It's Where You'd Rather Be"

Appendix I:

RURAL LOAN FUND INFORMATION

RURAL LOAN FUND INFORMATION

WHAT IS THE RURAL INDUSTRIAL DEVELOPMENT LOAN FUND?

It is a fund appropriated by the Texas Legislature to attract manufacturing jobs to rural areas.

WHAT AREAS ARE ELIGIBLE?

The laws enumerate the criteria based on the census. They must meet:

1. Loss of population or
2. Population gain less than the average for Texas Metropolitan Statistical Areas or
3. Manufacturing employment gain less than average for Texas Metropolitan Statistical Areas or
4. Incorporated cities under 20,000 in population.

WHO IS THE MONEY LOANED TO?

The money is loaned to a non-profit corporation organized for the purpose of meeting the requirements of the legislation. The money is used to purchase land, buildings, equipment, or to provide improvements. In Texas, these organizations are usually called industrial foundations. The funds are not loaned to a private company.

HOW IS THE MONEY TO BE USED?

The industrial foundation buys land and builds a building with necessary improvements then leases or sells the facilities to a manufacturer. The lease/sales agreement must cover the term of a loan. Rural Loan Fund proceeds may only be used to finance fixed assets. No funds can be used for inventory or working capital.

HOW MUCH WILL THE STATE LOAN?

The state may not loan more than 40% of the total fixed asset portion of the total project costs. It may loan less. The industrial foundation must inject a minimum of 10% of the costs of the project. The remaining percentage may come from a bank, savings and loan, the Small Business Administration, or another financial source.

There is no dollar limit on the state's participation, however, the appropriations to the fund have been minimal, thus the Texas Department of Commerce prefers to leverage its money by participating in less than 40% of the project costs.

WHAT ARE THE TERMS OF THE RURAL LOAN FUND?

Interest rates on the state's portion of the loan is set by the Texas Department of Commerce. The rate is intended to be below bank rates to provide

an inducement to rural areas. Currently, loans may be amortized for up to 20 years over the life of the project with an initial interest rate at closing equal to 75% of prime. The interest rate is negotiable every three years.

WHAT TYPE OF PROJECTS QUALIFY?

Manufacturing and industrial enterprises.

WHAT CAN MAKE UP THE FOUNDATION'S 10%?

Cash or real property (appraised value may be used but may be questioned if it appears excessive or without basis) may be used but not the cost of services provided by the foundation or its members.

WHAT IS THE PROCESS OF OBTAINING A LOAN?

1. First the applicant, a non-profit Industrial Foundation, must make an application to the Texas Department of Commerce. Application requirements are available at the Department.

2. The Department's staff reviews the applications for completeness, feasibility, accuracy, and to determine if the proposed project qualifies. The staff may also ask for additional information if necessary.

3. The staff will make a determination and present that determination to the Executive Director of the Department.

4. The applicant and its representatives request that the loan be approved at the next Board meeting of the Texas Department of Commerce.

5. The members of the Board of the Texas Department of Commerce approve or decline the loan.

6. Upon approval the Department's staff will require the foundation's attorney to draw up the necessary promissory notes; real estate mortgages and other documents that are required. The Department's staff must also insure that the project is covered by adequate insurance.

7. After the above is completed to the Department's satisfaction, the money is advanced to a disbursing agent representing the applicant.

WHAT COLLATERAL IS REQUIRED?

The Rural Industrial Development Loan funds must be fully secured by the project. The Commission will accept second lien positions and subordinate only to the lending agency securing the first lien obligation. In those instances, however, where a federal agency participates in the financing of a project, the Commission may accept a lien inferior to all first and second lien obligations provided the participation by the federal agency exceeds the loan by the Commission. The Department's staff may require personal guarantees as part of the loan conditions.

For Further information or assistance contact:

Texas Department of Commerce
P.O. Box 12728, Capitol Station
Austin, Texas 78711
(512) 472-5059

Appendix J:

URBAN DEVELOPMENT ACTION GRANT SUBORDINATED LOAN PROGRAM

URBAN DEVELOPMENT ACTION GRANT
SUBORDINATED LOAN PROGRAM

- FLEXIBLE TERMS
- LONG TERM FINANCING
- COLLATERAL CUSHION FOR LENDERS
- REPAYMENT TO THE CITY

PROGRAM DESCRIPTION

The Urban Development Action Grant (UDAG) program of the United States Department of Housing and Urban Development (HUD) is designed to encourage private development projects in eligible cities. Funds are available for a wide variety of commercial, industrial, and mixed use projects which:

- Help revitalize the city's economic base
- Provide new permanent employment opportunities
- Can not work without the UDAG

Funds may be used for fixed asset financing. There is no minimum or maximum project amount. UDAG loans generally range from 15% to 25% of the project costs, and are for gap financing. Projects in which the UDAG loan is less than $100,000 are unusual. Some equity investment is generally required, although the specific amount is negotiable.

WHO IS ELIGIBLE ?

For profit, non-profit, public or private entities, and users or developers are eligible to receive UDAG financing. There is no limitation on the personal net worth of the developer/business.

WHAT ARE THE TERMS ?

The UDAG portion of the financing may be for a term of up to 30 years with an interest rate below the prevailing market rates for private financing (typically near long term Treasury Bonds). Terms are flexible, based on the borrower's need and type of project being financed. Private sector financial commitment must be secured before a UDAG can be awarded. UDAG loans can be subordinated to other debt sources.

SAMPLE PROJECT

A $ 1,000,000 Industrial Expansion

$	650,000	Private First Mortgage
$	200,000	UDAG Second Mortgage
$	150,000	Equity

COMBINING UDAG'S AND INDUSTRIAL REVENUE BONDS

There is an incentive to use UDAG with tax-exempt revenue bonds for financing manufacturing projects. For instance, total six year capital investment of revenue bond users may reach $20 million while still being eligible for $10 million tax-exempt financing. Without UDAG the total capital investment could not exceed $10 million for the six year period without affecting the tax exemption.

WHAT IS THE FINANCING/APPLICATION PROCESS

HUD awards a UDAG to an eligible city for a specific development project and the City lends the money to the private developer as part of the project's financing package. The borrower repays the city based on the established loan agreement. These proceeds become an endowment to the city for future economic development projects.

UDAG applications are submitted for eligible cities to HUD. Applications are competitive (within certain categories) with other applicants from around the country.

The Texas Department of Commerce has staff available to assist developers and eligible jurisdictions to prepare applications and carry out negotiations with HUD concerning the project.

For Further information or assistance contact:

Texas Department of Commerce
P.O. Box 12728, Capitol Station
Austin, Texas 78711
512/472-5059

Appendix K:

TEXAS DEPARTMENT OF COMMERCE
INDUSTRIAL REVENUE BONDS

TEXAS DEPARTMENT OF COMMERCE
INDUSTRIAL REVENUE BONDS

PROGRAM DESCRIPTION

Texas Civil Statutes, Article 5190.6, (Development Corporation Act of 1979) allows cities, counties, and conservation and reclamation districts to form non-profit industrial development corporations or authorities to issue tax-exempt bonds for manufacturing projects. Industrial, commercial and manufacturing projects can be funded with taxable bonds under this legislation as well. In addition, commercial projects may be financed only if the project is located in a city-designated eligible blighted area or development area or a federally designated economically distressed county.

The development corporation acts as a conduit through which all of the monies are channeled. The corporation issues bonds to a purchaser, usually a bank who has agreed to purchase the bonds. The money is then disbursed to the user to finance the project. All of the debt service on the bonds is paid by the user under the terms of the lease, sale, or loan agreement, and as such, does not constitute a debt or obligation of the governmental unit, the issuer, the Texas Department of Commerce or The State of Texas. Because the bonds are issued on behalf of the governmental entity, the interest on the bonds is tax exempt to the bond owners. In turn, the bonds may carry a lower rate of interest than conventional financing, making them more attractive to a user.

ADVANTAGES OF INDUSTRIAL REVENUE BOND FINANCING

The advantages are many. Rural communities have access to long-term financing for large projects enabling them to compete with larger communities as well as cities in other states. Bonds can also be effectively used in larger cities to provide incentives for locations in certain neighborhoods with high unemployment rates. Generally users of the projects pay interest rates several points below the prime lending rate. Buyers of the bonds pay no federal income taxes on the interest earned. Communities build a tax and employment base.

ELIGIBLE PROJECT COSTS

Tax exempt bond proceeds generally may be used to finance land or depreciable property, subject to limitations under federal law, including the following:

1. Purchase of land, however, no more than 25% of bond proceeds may be used to purchase land.
2. Purchase of an existing building and equipment, however, an amount equivalent to 15% of the portion of the bond proceeds used to purchase such building (100% for equipment) must be applied to the renovation of the building and equipment within two years from the date of purchase
3. New construction of a building or the construction of an addition to an existing facility.
4. Purchase and installation of new equipment, machinery and other depreciable property.
5. Fees and expenses associated with the issuance of the bonds and the acquisition of the project up to a certain limit.

TAX EXEMPT CATEGORIES AND SIZE LIMITATIONS

The Tax Reform Act of 1986 (the "Act") defines seven categories of bonds that are tax-exempt. They include exempt facility bonds, which are comprised of public purpose projects such as mass commuting and solid waste facilities, among others. Additional categories are qualified mortgage bonds, qualified veterans' mortgage bonds, qualified student loan bonds, qualified redevelopment bonds, qualified 501(c)(3) bonds and qualified small issue bonds.

Qualified small issue bonds include those used for private manufacturing businesses only. Each issue may not exceed $10 million per project. In addition, all capital expenditures in the same jurisdiction as the project being financed cannot exceed $10 million for the 6 year period, beginning 3 years before the date of the issue and extending for 3 years after the issuance date.

There is no dollar limit on the issue amount or capital expenditures per taxpayer on bonds classified as exempt facilities. The other categories of qualified bonds have individual limitations, all as defined in the Act.

ALLOCATION

Each calendar year, the federal government imposes a ceiling on the amount of private activity bonds that can be issued in each state. In Texas the cap is equal to $75 per capita in 1987 or approximately $1.2 billion. This amount will be reduced to $50 per capita through December 1989 after which the sunset legislation on tax-exempt bonds becomes effective.

The Texas Department of Commerce is responsible for administering the allocation system as prescribed by state legislation and for tracking the dollars that Texas is allowed each year.

APPLICATION PROCESS

To obtain an IRB, a user must contact the industrial development corporation or authority in the area where the project will be located. After screening the project, the development corporation issues an inducement resolution which allows the user to begin incurring recoverable costs. Any cost incurred prior to the inducement resolution are not recoverable with bond proceeds.

In general, it is the responsibility of the user to find a purchaser for the bonds. A bond attorney should be contacted for the specific requirements and necessary documents that should be completed for the IRB application.

The IRB must be approved by the development corporation and the governmental unit following a public hearing for which there are reasonable public notice, and receive public approval from the applicable elected representative (AER). In cases where the governing body is not elected, the AER is the state' governor. In addition to this approval, a commercial project located in a city must receive specific approvals from the city following a public hearing for which sufficient notice was given.

Following approval by the local authorities, the application is then forwarded to The Texas Department of Commerce which reviews the application to ensure that it conforms to applicable state and federal regulations and grants conditional approval. The bonds are then issued and delivered at closing.

For additional information contact:
Texas Department of Commerce
P.O. Box 12728, Capitol Station, Austin, Texas 78711
(512) 472-5059

Appendix L:

FARMERS HOME ADMINISTRATION
BUSINESS AND INDUSTRY PROGRAM

FARMERS HOME ADMINISTRATION
BUSINESS AND INDUSTRY PROGRAM

- LONG-TERM FINANCING
- FIXED ASSET AND WORKING CAPITAL FINANCING
- REDUCES CREDIT RISK
- PROVIDES COLLATERAL SUBSTITUTION/LIQUIDITY TO LENDERS

PROGRAM DESCRIPTION

The Farmers Home Administration (FmHA), through its Business and Industrial Loan Program, guarantees quality loans to businesses and industries to benefit rural areas. The program is administered under the Consolidated Farm and Rural Development Act.

A primary purpose of the program is to create and maintain employment and improve the economic and environmental climate in rural communities. It is different from other FmHA loan programs in that there is no requirement that applicants be unable to obtain credit form other sources. The purpose is achieved through bolstering the existing credit structure of lenders who play a key role in the program by making and servicing quality loans. FmHA may quarantee up to 90 percent of loss of principal and interest on a loan. Local lenders serving rural areas can often make loans greater than their lending limits by use of the FmHA guarantee.

Business and industry guaranteed loans are limited to a maximum of $10 million and loans for alcohol fuel production facilities are limited to a maximum of $20 million.

WHO IS ELIGIBLE ?

FmHA ordinarily requires a local lender to be the lead lender--the one who initiates the loan application and is responsible for servicing the loan. A local lender is one in or near the community where the project is or will be located and who routinely provides credit to that community.

Business and industrial loans can be guaranteed in the 50 States, Puerto Rico, the Virgin Islands, Guam, American Samoa and the Northern Mariana Islands, except in cities of 50,000 or more and other adjacent areas that are urban or that are becoming urban. FmHA makes the rural area determinations and gives priority to applications for loans in open country, rural communities, and towns of 25,000 or less.

B & I Loan Funds may be used for:

- Business and industrial acquisitions.
- Construction, conversion, enlargement, repair, modernization.
- Purchase of land, machinery and equipment, furniture and fixtures. Certain housing development sites.
- Processing and marketing facilities.
- Start-up and working capital.
- Pollution control.

B & I Loan Funds may not be used for:

- Any project likely to result in the transfer of business or employment from one area to another.
- Any project likely to cause production that exceeds demand.
- Transfer of ownership--unless this will keep a business from closing, prevent the loss of jobs in an area, or provide more jobs.
- Payments to a creditor for more than the value of the collateral.
- Guarantee of lease payments.
- Loans made by Federal agencies.
- Payments to owners, partners, shareholders, or others who retain any ownership in the business.
- Corporations and businesses that are not owned and controlled by U.S. citizens.
- Agricultural production.
- Charitable and educational institutions.
- Church or church-sponsored organizations, convention centers.
- Tourist, recreation or amusement facilities.

WHAT ARE THE TERMS ?

Maximum maturities for business and industrial loans may be up to 30 years on land, buildings, and permanent fixtures; up to 15 years on machinery and equipment (depending on useful life of equipment); and up to 7 years for working capital.

The interest rates are determined between lender and borrower. FmHA does not set a maximum rate. Rates can be either fixed or variable. A variable rate can be changed no more than quarterly, with no floor or ceiling permitted.
A minimum or 10 percent tangible balance sheet equity is required. Balance sheet equity of at least 20-25 percent will be required for new businesses, businesses without full personal or corporate guarantees, and energy related businesses.

Borrowers and lenders must comply with Federal requirements relating to equal employment opportunity, historic site preservation, flood and mud slide protection, environmental impact, the Clean Air and Water Act, the Architectural Barriers Act, and nondiscrimination. All applications will be considered without regard to race, color, religion, sex, marital status, national origin, age or handicapping conditions.

For further information or assistance contact:

Texas Department of Commerce
P.O. Box 12728, Capitol Station
Austin, Texas 78711
(512)472-5059

Appendix M:

LIST OF PROCUREMENT CENTERS OPERATING IN TEXAS

VII. PROCUREMENT ASSISTANCE CENTERS — TEXAS

City	Center
ABILENE	**Government Contract Procurement Center** Kathy Hawkins, *Director* P.O. Box 3195 Abilene, Texas 79604 (915) 672-5633
ALICE	**Business Assistance Center** **(Satellite of *SINTON*)** June Tuttle, *Coordinator* 63 N. Reynolds Alice, Texas 78332 (512) 664-9512
AMARILLO	**Contract Procurement Center** Dickie Haney, *Director* P.O. Box 9257 Amarillo, Texas 79105 (806) 372-3381
BEAUMONT	**Bid Resource Center** Sandra Stenzel, *Director* 4675 Washington Boulevard Beaumont, Texas 77707 (409) 842-9370
BRYAN	**Brazos Valley Contract Procurement Office** Phillis Nelson, *Manager* 3833 Texas Avenue, Suite 456 Bryan, Texas 77802 (409) 268-0807
CORPUS CHRISTI	**Contract Assistance Center** Nancy Henderson, *Coordinator* P.O. Box 640 Corpus Christi, Texas 78403 (512) 882-7122

DENISON

Contract Procurement Center
Barbara Fellows Nix, *Coordinator*
10000 Grayson Drive
Denison, Texaws 75020
(214) 786-2955

EL PASO

El Paso Procurement Outreach Center
Elvira Smith, *Coordinator*
103 Montana, Room 109
El Paso, Texas 79901
(915) 534-4164

GALVESTON

Texas Information Procurement Services (TIPS)
(Satellite of University of Houston SBDC)
Malcolm Hunter, *Director*
621 Moody, Suite 300
Galveston, Texas 77550
(409) 763-4426

HOUSTON

Texas Information Procurement Services (TIPS)
(Satellite of University of Houston SBDC)
Ed Wilder, *Director*
401 Louisiana Street, 4th Floor
Houston, Texas 77002
(713) 223-3197

HOUSTON

Contract Clearing, Inc.
Melanie J. Barry, *President*
3131 Eastside, Suite 510
Houston, Texas 77098
(713) 526-1830

KILGORE

East Texas Contract Assistance Center
Wayne Smith, *Coordinator*
3800 Stone Road
Kilgore, Texas 75662
(214) 984-8641/(800) 441-8594

**KILLEEN/
COPPERAS COVE**

Central Texas Bid Procurement Assistance Center (CTBPAC)
Donald Dix, *Executive Director*
413 N. Eighth Street
Killeen, Texas 86541
(817) 526-8243

LAMARQUE

COMSBAC Bid Center
Billie Robison, *Director*
P.O. Box 1498
1111 Bayou Road
LaMarque, Texas 77568
(409) 938-0922

LAREDO

Procurement Outreach Center
John Charles, *Director*
P.O. Box 1435
Laredo, Texas 78042
(512) 722-0563

LUBBOCK

Contract Procurement Center
Jenny James, *Coordinator*
P.O. Box 3730 - Freedom Station
Lubbock, Texas 79452
(806) 762-8721

MIDLAND

Permian Basin Bid Center
Debbie Underwood, *Director*
P.O.Box 6581
2910 LaForce Boulevard, Suite 110
Midland, Texas 79711
(915) 563-1711

MOUNT PLEASANT

Business & Industrial Development Center
Jim Davis, *Program Director*
P.O. Box 1307/Farm Road 1735
Mount Pleasant, Texas 75455
(214) 572-1911

PASADENA

Business Assistance Center
LaJuana Porter, *Director*
4624 Fairmont Parkway, Suite 210
Pasadena, Texas 77504
(713) 487-9771

SAN ANTONIO

Procurement Outreach Center
c/o City of San Antonio, Department of
Economic and Employment Development
Rosalie Monzano, *Director*
P.O. Box 9066
San Antonio, Texas 78285
(512) 299-8168

SINTON

Business Assistance Center
June Tuttle, *Coordinator*
313 N. Rachael, Suite 223
Sinton, Texas 78387
(512) 364-3672

TEMPLE

Central Texas Bid Procurement Assistance Center (CTBPAC)
Donald Dix, *Executive Director*
Municipal Building
Temple, Texas 76501
(817) 770-5542

THE WOODLANDS

Center for Government Contracts
Glen Harris, *Director*
1400 Woodloch Forrest Drive
The Woodlands, Texas 77380
(713) 367-5777

VICTORIA

South Texas Bid Center
Phyllis McLaren, *Director*
P.O. Box 7
118 N. Main Street, Suite B
Victoria, Texas 77902
(512) 575-0241

WACO

Heart of Texas Government Contract Resource Center
K. Paul Holt, *Director*
320 Franklin Avenue
Waco, Texas 76701
(817) 756-6631

Appendix N:

PROCUREMENT CENTER MONTHLY STATUS REPORT

Index to April Status Report
Procurement Center

Client Status Report

Bid Resource Center Monthly Report

Bid Center Clients by County

Report on March Objectives

April Objectives

Budget Control Report

Attachments & Publicity

Client Status Report

March 31, 1988

	Current Month	Cumulative Total
Number of Clients	+5, -4	102
Number CBD Leads	584	5,200
Direct Hires	9	19
Jobs Retained	14	25
Bids Submitted	37	265
Awards	(10) $380,900	(42) $1,665,881

67 of 100 (67%) clients received at least one lead during month of March.

Bid submitted total approximately $2,000,000 this month.

MONTHLY REPORT

March, 1988
MONTH

Jim Davis/Fred Kimble/Mary Graf
BID CONSULTANT

NUMBER OF CLIENTS IN CASELOAD BEGINNING OF MONTH 101

NEW CLIENTS RECEIVED BY TRANSFER DURING MONTH ______

CLIENTS TRANSFERRED TO ANOTHER CONSULTANT DURING MONTH ______

NEW CLIENTS ADDED TO CASELOAD DURING MONTH 5

CLIENTS INACTIVATED DURING MONTH 4

END OF MONTH CASELOAD a 6 b 13 c 4 d 79 ______

TOTAL NUMBER OF CLIENTS SERVED IN MONTH 102

A. MINORITY 6

B. WOMAN OWNED 13

C. MINORITY/WOMAN OWNED 4

D. ALL OTHERS 79

NEW CLIENTS

COMPANY NAME	MINORITY	WOMAN OWNED	CITY / LSA (Y) (N)
. Dean Plumbing	X		Naples/Y
. Corrasco Construction Company	X		Clarksville/Y
3. Calloway & Calloway Const. Co.			Clarksville/Y
. Susan Mathews		X	Sulphur Springs/Y
. J. R. Armstrong Industries			Daingerfield/Y

CONTRACTS AWARDED FOR MONTH OF MARCH, 1988

COMPANY NAME	Small Bus.? Yes/No	TYPE OF COMPANY	CONTRACT WITH	CONTRACT AMOUNT	MINORITY OWNED	WOMAN OWNED	DIRECT HIRES	OJT's	RETAINED JOBS
Eagle Mill Supply Co	Y	Mfg.	Defense General Supply Center	$44,000 (Slings)			1	0	1
Eagle Mill Supply Co	Y	Mfg.	Defense Const. Supply Center	$2,000 (Slings)			0	0	0
T & K, Inc.	Y	Mfg.	Boeings, Lake Charles, LA	$58,000 (Fittings)			1	0	2
T & K, Inc.	Y	Mfg.	Boeings, Lake Charles, LA	$45,000 (Fittings)			1	0	1
A & E Machine Shop	Y	Mfg.	Lewisville Corp of Engineers	$47,000 (Used pipe)			0	0	1
Clark Construction	Y	Const.	Redly School District	$85,000 (School Addition)			1	0	3
Jay-Tex Aviation	Y	Mfg.	Defense Ind. Supply Center	$42,000 (Engine Mounts)			1	0	1
Bob Waggoner	Y	Mfg.	E-Systems, Greenville, TX	$1,400 (Fixture)			0	0	0
Beako Manufacturing	Y	Mfg.	Morton Thiokol Marshall, TX	$46,500		X	0	0	3
Nissi Portable Buildings	Y	Mfg.	*They have hired a contract specialist just for government procurement.				1	0	0

CONTRACTS AWARDED FOR MONTH OF MARCH, 1988

Page 2 of 2

COMPANY NAME	Small Bus.? Yes/No	TYPE OF COMPANY	CONTRACT WITH	CONTRACT AMOUNT	MINORITY OWNED	WOMAN OWNED	DIRECT HIRES	OJT's	RETAINED JOBS
Regal Air	Y	Mfg.	*Due to the upgrading of their quality control system they were able to retain 1 job and hire 3 new people.				3	0	1
Georgia Williams Sand & Gravel Co.	Y	Const.	Koher Const. Co. working on Cooper Lake Dam Project	$10,000	X	X	0	0	1

BID Center Clients by County
March 31, 1988

BOWIE - 19 clients

CASS - 16 clients

DELTA - 1 client

FRANKLIN - 2 clients

HOPKINS - 9 clients

LAMAR - 13 clients

MORRIS - 16 clients

RED RIVER - 9 clients

TITUS - 17 clients

TOTAL CLIENT BASE = 102 clients

MARCH OBJECTIVES

1. Assist in submission of a minimum of 30 bid packets.

   RESULTS: Assisted in the submission of 37 bid packets.

2. Fred Kimble to meet with the Department of Defense (DoD) Prime Contractors Small Business Liaison Officers to get knowledge as to what the firm has purchased in the past, is presently purchasing and what it may be planning to purchase in the future. Examples of prime contractors are as follows:

E-Systems, Inc. Greenville, TX	General Dynamics Corp. Fort Worth, TX
McDonnell Douglas Corp. Tulsa, OK	LTV, Inc. Camden, AR

   RESULTS: Fred Kimble met with Red River Army Depot (RRAD) March 11, 1988. (See Attachment 1)

   RESULTS: Fred Kimble met with Lockheed Missiles & Space Company, Inc. March 29, 1988. (See Attachment 2)

3. Compose a directory of local city managers/mayors. Write a letter to each city manager/mayor asking that The BID Center be placed on their mailing list for future purchases.

   RESULTS: Letter sent March 14, 1988 to 27 city managers. As of April 1st, affirmative responses received only from Mt. Pleasant and Longview. Project will be pursued with these two cities on an experimental basis. (See Attachment 3)

4. Submit bi-monthly invoices to clients.

   RESULTS: Completed.

5. No goal for client recruitment during March. Any inquiry regarding services will be answered, but staff resources will concentrate on submission of bids and arranging subcontract opportunities.

   RESULTS: Signed up 5 new clients that inquired about the BID Center.

6. Jim Davis to Association of Government Marketing Assistants Specialists meeting in Beaumont March 16, 17, and 18.

   RESULTS: Jim Davis was unable to attend the meeting. Fred Kimble represented the BID Center at the AGMAS meeting. (See Attachment 4)

Other:

RESULTS: Conducted a market research follow up for Foy M. Burns, CPA, PC. (See Attachment 5)

RESULTS: Jim Davis sent a letter to all of the Procurement Assistant Centers in Texas regarding possible state funding for procurement centers. (See Attachment 6)

RESULTS: Jim Davis appeared on Channel 7 (Tyler) in a taped interview discussing the procurement center program. Five viewers contacted BID Center for further information.

RESULTS: Jim Davis made a presentation to the Regional Planning Committee regarding the procurement center program.

RESULTS: Mary Graf conducted 5 market researches using the letter merge program.

RESULTS: Article written by Manufacturer's Technologies and Fred Kimble. (See Attachment 7)

APRIL OBJECTIVES

1. Assist in submission of a minimum of 30 bid packets.
2. Meet with the Department of Defense Prime Contractors Small Business Liaison Officers to get knowledge as to what the firm has purchased in the past, is presently purchasing and what it may be planning to purchase in the future. Examples of prime contractors are as follows.

   E-Systems, Inc.
   Greenville, TX

   Morton Thiokol, Inc.
   Marshall, TX

   Barksdale AFB
   Shreveport, LA

   Tinker AFB
   Tulsa, OK

3. Jim Davis and Fred Kimble to attend DCASMA, Dallas SBA and NCMA Training Seminar April 25, 1988.
4. No goal for client recruitment during April. Any inquiry regarding services will be answered, but staff resources will concentrate on submission of bids and arranging subcontract opportunities.
5. Make final decision on continuation of Syslins system and BRC relationship.
6. Approach City of Temple regarding program for DABS database.
7. Follow up letter to non-responsive procurement centers. Tabulate results of survey.
8. Report to client Foy Burns on result of SMLA status inquiries.

MEMO

TO: Jack Foreman

FROM: Jim Davis

DATE: April 4, 1988

RE: Procurement Center Budget Control Report as of March 31, 1988

PAYROLL ACCOUNT

Budget	$46,061.00
Expended	24,551.25
Committed	14,589.00
*BALANCE	$6,920.75

* Note: Balance created by drawing 20% of Jim Davis's salary for 8 months and 20% of Mary Graf's salary for 7 months from Co-ordinating Board project.

TRAVEL ACCOUNT

Budget	$4,000.00
Expended	1,964.62
Committed	1,200.00
BALANCE	$835.38

EQUIPMENT ACCOUNT

Budget	$6,500.00
Expended	1,395.00
Committed	1,797.00
BALANCE	$3,308.00

SUPPLY ACCOUNT

Budget	$8,000.00
Expended	4,735.46
Committed	3,000.00
BALANCE	$264.54

PROJECT ADMINISTRATION

Budget	$5,333.00
Expended	3,333.15
Committed	1,999.85
BALANCE	-0-

CLIENT REIMBURSED EXPENSES

BALANCE	$1,028.87

OVERALL

Budget	$69,894.00
Expended	35,979.48
Committed	22,585.85
BALANCE	$11,328.67

Amount Drawn on COG Contract:

Budget	$69,894.00
Operating Draw	6,000.00
November Invoice	7,355.09
December Invoice	7,592.08
January Invoice	6,367.77
February Invoice	6,884.01
March Invoice	7,780.50
BALANCE	$27,914.55

Attachment 1

M E M O

✓TO: Jim Davis

FROM: Fred Kimble

DATE: 3-21-88

RE: Conference with Howard Knight, Jr. of Red River Army Depot (RRAD) 3-11-88

Subjects of Interest

I. Possible Reduction in RRAD Budget FY 88-89

- A. RRAD first action to a reduction in the budget is to freeze hiring of new employees and lay-off in some areas.
  - 1. RRAD mission must continue to meet the goals of the government. This means RRAD will sub-contract more with private industry.
- B. RRAD will increase subcontracting above normal in the following areas: asphalt, concrete, hard stand areas and metal buildings.
- C. RRAD subcontract budget for FY-88 is 60 million dollars. 78% of 1987 budget was spent outside of Texas.

II. DoD 5% Set-Aside - Small Disadvantaged Businesses

- A. RRAD will accept suggestions from the Business & Industrial Development Center to help RRAD meet its 5% goal for 1988 and thereafter.
- B. RRAD need BID Center's help to identify and train contractors in Texas in government contracting. Need recommendation in placement of BID Center targeted contracts.
- C. SDB program will allow SDB's to bid up to 10% above the government estimate.
- D. See attached list of BID Center's database. (Attachment 1)

III. Simplified Small Purchase & Large Purchases

- A. RRAD has agreed to supply the BID Center copies of quotes estimated from $5,000 and up. Payments for copies of plans, prints, or specifications have been waived by the Head of Purchasing, Mr. Stone for small and large solicitations.

B. RRAD needs BID Center's support on specification development in order to give East Texas businesses the edge on certain contracts.

IV. Dun & Bradstreet Corporation - BidNet

A. BidNet has asked RRAD to send copies of the written solicitations that RRAD isn't already sending to the Commerce Business Daily. The BID Center has been successful in stopping BidNet dead in its tracks. RRAD has agrees to send NTCC BID Center (only) copies of such solicitations. (Attachment 2)

Attachment 2

MEMO

TO: Jim Davis

FROM: Fred Kimble F.K.

DATE: 4-5-88

RE: Conference with Ethel Kelly of Lockheed Missiles & Space Company, Inc., 3-29-88, Austin, TX

Subjects of Interest

I. Lockheed has been downgraded by DoD from excellent to a satisfactory contractor for failure to meet DoD subcontracting for Small and Small Disadvantaged goals.

II. DoD awarded potential Lockheed contracts to other contractors in excess of $80 million due to DoD downgrading of Lockheed Missiles & Space Company, Inc.

III. Ethel Kelly, supplier Liaison Officer of Lockheed, is making efforts to find qualified suppliers. (See new article attached)

IV. Bob Waggoner of Waggoner Machine and Bob Hatton of B & W Machining visited Lockheed with me. These two BID Center clients were taught new marketing techniques. We met with 8 Lockheed buyers to discuss potential contracts.

The results of this meeting with the buyer was very significant. Lockheed has agreed to supply the BID Center copies of quotes through the NTCC Fax machine to speed the mailing process. Lockheed production schedule has been cut by six months on an 18 month special satellite system program. In order to upgrade Lockheed Vendor Rating, the BID Center can play an important role in identifying qualified contractors that can produce quality products on schedule.

FK/mg

Attachment

The final page of Attachment 2 was removed due to copyright restrictions. It contained a reproduction of a newspaper article entitled, "Lockheed Seeks ET Subcontractors: Aerospace Engineer to Discuss Projects Today at Pinecrest."

Attachment 3

Northeast Texas Community College
P.O. Box 1307
Mt. Pleasant, Texas 75455

Phone 214-572-1911
1-800-441-8568

March 14, 1988

Ronald Cox
City Manager
P.O. Box 990
Kilgore, TX 75662

Dear Mr. Cox:

In December 1986, The Business & Industrial Development (BID) Center was created by the Ark-Tex Council of Governments, Northeast Texas Private Industry Council and Northeast Texas Community College to help small businesses learn to sell their products and services to federal, state and local governments. Since its inception in December 1986, the BID Center has assisted 125 businesses in obtaining $1.3 million in government contracts All of our services are essentially free of charge to the businesses in our 9 county service area.

The BID Center staff informs our clients of contract opportunities as they arise. While we feel we do an excellent job in collecting this information on bid opportunities at the federal and state level, we very much need your help in obtaining this information on local opportunities.

We want to emphasize that our primary focus is to assist you in locating local vendors for products or services which you have previously purchased outside your local community. This increased competition should also result in lower prices for you, a desirable goal in this time of tight budgets.

If you will agree to work with our Center and provide us with information regarding the purchasing activities of your organization, please call or write me to discuss appropriate arrangements. Thanks for your consideration. We look forward to working with you.

Best Regards,

Jim Davis

Jim Davis
Program Director

JD/mg

LOCAL CITY BUSINESS DIRECTORY

Attachment 3

Sidney R. Davis
City Manager
P.O. Box 669
Atlanta, TX 75551
(214) 796-7153

Robert C. Deming
Mayor
P.O. Box 429
Linden, TX 75563
(214) 756-7502

Carol Leftwich
Mayor
P.O. Box 805
Hughes Springs, TX 75656
(214) 639-7510

Jamie Rawis
Mayor
P.O. Box 301
Queen City, TX 75572
(214) 796-5520

William L. Thorne
Mayor
P.O. Box E
Daingerfield, TX 75638
(214) 645-3906

G. E. Nichols
Mayor
P.O. Box 0218
Lone Star, TX 75668-0218
(214) 656-2311

John H. Austin
Mayor
P.O. Box 340
Naples, TX 75568
(214) 897-2271

B. B. Brown
Mayor
P.O. Box 937
Omaha, TX 75571
(214) 884-2302

Daniel Wentzloff
City Manager
P.O. Box 1967
Texarkana, TX 75504
(214) 794-3434

John H. McCoy
Mayor
P.O. Box 5
New Boston, TX 75570
(214) 628-5596

Dan Smith
Mayor ProTem
P.O. Box 520
Nash, TX 75569
(214) 838-0751

David R. Tooley
City Manager
125 South Davis
Sulphur Springs, TX 75482
(214) 885-7541

Mike Edwards
Mayor
P.O. Drawer 597
Mt. Vernon, TX 75457
(214) 537-2252

Jack Holt
City Manager
800 W. Main
Clarksville, TX 75426
(214) 427-3834

Michael Malone
City Manager
P.O. Box 1037
Paris, TX 75460
(214) 785-7511

William T. Harbison
Mayor
P.O. Box 426
Bogata, TX 75417
(214) 632-5315

Richard Huie
Mayor
101 N.W. First Street
Cooper, TX 75432
(214) 395-2217

Van James
City Manager
P.O. Box 231
Mt. Pleasant, TX 75455
(214) 572-3412

Tony Williams
City Manager
P.O. Box 698
Marshall, TX 75670
(214) 935-4416

C. Ray Jackson
City Manager
P.O. Box 1952
Longview, TX 75606
(214) 237-1000

Ronald Cox
City Manager
P.O. Box 990
Kilgore, TX 75662
(214) 984-5081

Gary Gwyn
City Manager
P.O. Box 2039
Tyler, TX 75710
(214) 531-1100

Ned C. Muse
City Manager
200 Rusk Street
Pittsburg, TX 75686
(214) 856-3621

Jim Mullins
City Manager
P.O. 760
Gilmer, TX 75644
(214) 843-2553

Doug Driggers
City Manager
P.O. Box 551
Gladewater, TX 75647
(214) 845-2196

Johnnie L. Baird
Mayor
P.O. Box 986
Big Sandy, TX 75755
(214) 636-4343

✓ Mike Brunner
NTCC

Attachment 4

MEMO

TO: ✓Jim Davis
Mary Graf

FROM: Fred Kimble

DATE: 3-21-88

RE: Association of Government Marketing Assistance Specialists 3rd National Conference 1988 in Beaumont, TX - March 16, 1988 thru March 18, 1988

Subjects of Interest

I. Naval Supply Systems Command - Rear Admiral James B. Whittaker - 202/695-3824

   A. The Navy's most needed product is Dress Blues Uniforms

II. DLA/Washington Update - Ray Dellos, DLA Headquarters Alexandria, VA - 202/274-6471

   A. Defense budget should reduce by 20 billion dollars in 1989. (197 billion dollars budget for 1988)

   B. Defense Logistics Agency is recommending AGMAS members submit ways to measure the performance of Bid Centers. DLA has recommended a 20% reduction in funding per year for five years. The fifth year is a non-funded year. AGMAS opposed this recommendation. See March 10, 1988 Federal Register, please submit comments.

   C. DLA has directed the General Accounting Office (GAO) to conduct audits on some Bid Centers (selected at random) in the year of 1988. William C. Bender, Government Marketing & International Trade Institute, Washington, D.C. said "the possibilities of a 1988 audit is very low because of election year. Start updating your accounting records and get ready for 1989." See Attachment 1 for other Washington report information.

III. A Profile of CACE in Action: See Attachment 2.

Attachment 4

IV. Procurement Technical Assistance Center (PTA)

- A. DLA has allocated 7 million dollars to fund centers in 1988 with .5 million dollars to assist Indias firms.
  - 1. DLA has requested PTA's assist businesses in export opportunity. Possible funding from DLA.

V. DLA 1207 - 5% Set-Aside for Small Disadvantaged Business (SDB)

- A. Approximately 10 billion dollars is set-aside for SDB in 1988. This is a 100% increase over 1987.
- B. SDB's are allowed the following:
  - 1. up to 10% above the government est.
  - 2. advance payments
  - 3. 8(a) contracts
- C. Fines for misrepresentation are:
  - 1. $10,000 fine and
  - 2. up to 10 years in jail

VI. Small Business Innovation Research (SBIR)

- A. The government views the SBIR program as an incubator program.
- B. FY 188 is 400 million dollars.
- C. Randy Meeker of Andrews AFB suggested each Bid Center call 1-800-368-3251 or 202-274-6902 to ask for copies of FY 88 SBIR manuals (order 10 to 24 each)

VII. See Other Attached Information

Attachment 5

BUSINESS & INDUSTRIAL DEVELOPMENT CENTER

Northeast Texas Community College
P.O. Box 1307
Mt. Pleasant, Texas 75455

Phone 214-572-1911
1-800-441-8568

March 17, 1988

Tinker AFB-Base Contracting
Base Contracting Division (PMKA)
Tinker AFB, OK 73145

RE: Bidders Mailing List Application for Foy M. Burns, CPA, PC
P.O. Box 187, Cooper, TX 75432

SF 129 and appropriate attachments were submitted to your agency several months ago requesting that Foy M. Burns, CPA, PC be placed on your bidder's mailing list. To date, Foy M. Burns, CPA, PC reports they have not received any proposals or notices which would indicate that they have been placed on your mailing list.

Please indicate below the status of Foy M. Burns, CPA, PC mailing list application and return this form to me in the enclosed envelope. Thanks for your assistance.

Best Regards,

J. Davis

Jim Davis
Program Director

The current status of the bidders mailing list application for Foy M. Burns, CPA, PC is:

______ Application approved, now on mailing list

______ Application being processed

______ No record of receipt of application

______ Application denied
Please explain:

______ Other
Please explain:

ALTUS AFB^R
^R
Base Contracting Division^R
Building 318^R
^R
Altus AFB, OK 73523^R
Sir:^R
^E
Barksdale AFB^R
^R
Base Contracting Division^R
P.O. Box 5000^R
^R
Barksdale AFB, LA 71110-5320^R
Sir:^R
^E
Blytheville AFB^R
^R
Contracting Division^R
Building 645^R
^R
Blytheville AFB, AR 72317-5320^R
Sir:^R
^E
Carswell AFB^R
^R
Base Contracting^R
P.O. Box 500^R
^R
Carswell AFB, TX 76127^R
Sir:^R
^E
Fort Polk^R
^R
Attn: Bidder's Mailing List^R
Contracting Division^R
P.O. Drawer 918^R
Fort Polk, LA 71459-5000^R
Sir:^R
^E
Fort Sill^R
^R
Attn: ATZR-Q, Directorate of Contracting^R
CDR USAFACFS^R
P.O. Box 3501^R
Fort Sill, OK 73503-0501^R
Sir:^R
^E
GSA (8FFS)-Centralized Mailing Lists Service^R
^R
^R
Building 41^R
Denver Federal Center^R
Denver, ZZ 80225^R

Sir:ˆR
ˆE
GSA (7PPC)-Design & ConstructionˆR
ˆR
ˆR
819 Taylor StreetˆR
ˆR
Fort Worth, TX 76102ˆR
Sir:ˆR
ˆE
Little Rock AFBˆR
ˆR
Base Contracting DivisionˆR
314 TAW/LGCˆR
Building 642ˆR
Little Rock AFB, AR 72099-5320ˆR
Sir:ˆR
ˆE
McAlester Army Ammunition PlantˆR
ˆR
Attn: Procurement Office/SMCMC-CˆR
ˆR
ˆR
McAlester, OK 74501-5000ˆR
Sir:ˆR
ˆE
Red River Army DepotˆR
Karla BallewˆR
Attn: SDSRR-PAˆR
ˆR
ˆR
Texarkana, TX 75507-5000ˆR
Ms. BallewˆR
ˆE
Sheppard AFBˆR
ˆR
Base Contracts/LGCWˆR
Stop 204ˆR
Bldg 1664ˆR
Sheppard AFB, TX 76311-5320ˆR
Sir:ˆR
ˆE
Southwestern Power AdministrationˆR
ˆR
U.S. Department of EnergyˆR
P.O. Box 1619ˆR
ˆR
Tulsa, OK 74101ˆR
Sir:ˆR
ˆE
Tinker AFB-Base ContractingˆR
ˆR
Base Contracting Division (PMKA)ˆR
ˆR

^R
Tinker AFB, OK 73145^R
Sir:^R
^E

Attachment 6

BUSINESS & INDUSTRIAL DEVELOPMENT CENTER

Northeast Texas Community College
P.O. Box 1307
Mt. Pleasant. Texas 75455

Phone 214-572-1911
1-800-441-8568

March 16, 1988

Heart of Texas Government Contract
Resource Center
K. Paul Holt, Director
320 Franklin Avenue
Waco, TX 76701

Dear Mr. Holt:

Northeast Texas Community College is the recipient of a grant from the Texas Higher Education Coordinating Board to develop a model program for economic development. An important element of the model program will be procurement centers.

Although the recent TAPIC questionnaire provided some valuable information regarding the operation of procurement centers in Texas, we find it necessary to request your cooperation in obtaining additional data for out study. It is in your program's interest to complete and return the survey form, as we hope to build a case for a recommendation for state funding of procurement centers.

Please call if any of the questions are unclear. We would appreciate your response prior to April 1.

Thanks for your assistance.

Best Regards,

Jim Davis

Jim Davis
Program Director

JD/mg

Enclosures

Attachment 6

Procurement Center Survey

Center Name:

Person completing questionnaire:

Date began providing service:

Population in service delivery area:

Define service delivery area:

Current budget: per year

Host organization:

Estimated $ value of in-kind contributions of host funding organization(s):

Current budget: __________ adequate? ______ inadequate? ______

Likelihood of continued funding at this level:

______ Excellent
______ Good
______ Fair
______ Poor

Staffing

	% of Full Time	Title	Salary Range
Employee #1			
Employee #2			
Employee #3			
Employee #4			

Attachment 6

	After 6 Months	After 1 year	After 2 years	After 3 years	After 4 years	To Date
# Clients						
# Contracts						
$ Value of Contracts						

Annual Budget

Salaries ____________________
Supplies ____________________
Travel ____________________
Equipment ____________________
Administration ____________________
Other (   ) ____________________
Other (   ) ____________________
Other (   ) ____________________
TOTAL ____________________

Thank you for your early response!

Government Contract Procurement Center
Kathy Hawkins, Director
P.O. Box 3195
Abilene, TX 79604^R
Ms. Hawkins^R
^E
Business Assistance Center
June Tuttle, Coordinator
63 N. Reynolds
Alice, TX 78332^R
Ms. Tuttle^R
^E
Contract Procurement Center
Dickie Haney, Director
P.O. Box 9257
Amarillo, TX 79105^R
Mr. Haney^R
^E
Bid Resource Center
Sandra Stenzel, Director
4675 Washington Boulevard
Beaumont, TX 77707^R
Ms. Stenzel^R
^E
Brazos Valley Contract Procurement Office
Phillis Nelson, Manager
3833 Texas Avenue, Suite 456
Bryan, TX 77802^R
Ms. Nelson^R
^E
Contract Assistance Center
Nancy Henderson, Coordinator
P.O. Box 640
Corpus Christi, TX 78403^R
Ms. Henderson^R
^E
Contract Procurement Center
Barbara Fellows Nix, Coordinator
10000 Grayson Drive
Denison, TX 75020^R
Ms. Nix^R
^E
El Paso Procurement Outreach Center
Elvira Smith, Coordinator
103 Montana, Room 109
El Paso, TX 79901^R
Ms. Smith^R
^E
Texas Information Procurement Services (TIPS)
Malcolm Hunter, Director
621 Moody, Suite 300
Galveston, TX 77550^R
Mr. Hunter^R
^E

Attachment 6

Contract Clearing, Inc.
Melanie J. Barry, President
3131 Eastside, Suite 510
Houston, TX 77098^R
Ms. Barry^R
^E
East Texas Contract Assistance Center
Wayne Smith, Coordinator
3800 Stone Road
Kilgore, TX 75662^R
Mr. Smith^R
^E
Central Texas Bid Procurement Assistance
Center (CTBPAC)
Donald Dix, Executive Director
413 N. Eighth Street
Killeen, TX 86541^R
Mr. Dix^R
^E
COMSBAC Bid Center
Billie Robison, Director
P.O. Box 1498
1111 Bayou Road
LaMarque, TX 77568^R
Ms. Robison^R
^E
Procurement Outreach Center
John Charles, Director
P.O. Box 1435
Laredo, TX 78042^R
Mr. Charles^R
^E
Contract Procurement Center
Jenny James, Coordinator
P.O. Box 3730 - Freedom Station
Lubbock, TX 79452^R
Ms. James^R
^E
Permian Basin Bid Center
Debbie Underwood, Director
P.O. Box 6581
2910 LaForce Boulevard, Suite 110
Midland, TX 79711^R
Ms. Underwood^R
^E
Business Assistance Center
LaJuana Porter, Director
4624 Fairmont Parkway, Suite 210
Pasadena, TX 77504^R
Ms. Porter^R
^E
Procurement Outreach Center
c/o City of San Antonio, Department of
Economic & Employment Development

Rosalie Monzano, Director
P.O. Box 9066
San Antonio, TX 78285ˆR
Ms. MonzanoˆR
ˆE
Business Assistance Center
June Tuttle, Coordinator
313 N. Rachael, Suite 223
Sinton, TX 78387ˆR
Ms. TuttleˆR
ˆE
Central Texas Bid Procurement Assistance
  Center (CTBPAC)
Donald Dix, Executive Director
Municipal Building
Temple, TX 76501ˆR
Mr. DixˆR
ˆE
Center for Government Contracts
Glen Harris, Director
1400 Woodloch Forest Drive
The Woodlands, TX 77380ˆR
Mr. HarrisˆR
ˆE
South Texas Bid Center
Phyllis McLaren, Director
P.O. Box 7
118 N. Main Street, Suite B
Victoria, TX 77902ˆR
Ms. McLarenˆR
ˆE
Heart of Texas Government Contract
  Resource Center
K. Paul Holt, Director
320 Franklin Avenue
Waco, TX 76701ˆR
Mr. HoltˆR
ˆE

Appendix O:

SBDC MONTHLY STATUS REPORT

INDEX TO APRIL 1988 SBDC STATUS REPORT

CLIENT STATUS REPORT

CLIENT MONTHLY REPORT

CLIENTS BY COUNTY

COUNSELOR ACTIVITY REPORT

TRAINING ACTIVITIES

REVIEW OF MARCH OBJECTIVES

APRIL OBJECTIVES

ECONOMIC DEVELOPMENT PROSPECTS

BUDGET CONTROL REPORTS

ATTACHMENTS & PUBLICITY

CLIENT STATUS REPORT
March 31, 1988

	Current Month	YTD
Number of Clients Who Have Requested Counseling	20	61
Number of Clients Counseled	20	58
Client Contact Hours	41	145
Number of Counselors	9	9
Number Clients Signed Up	9	50

CLIENT MONTHLY REPORT
February 1988

Number of Clients Who Had Requested Counseling At Beginning of Month	41
New Counseling Requests Received During Month	20
Number of Clients Who Have Requested Counseling YTD	61
Number of Clients Counseled During Month	20
Client Contact Hours During Month	41
New Counseling Clients During Month	9

Breakdown of Clients Counseled During Month

Type of Business	
Retail	4
Service	3
Wholesale	4
Mfg.	5
Construction	4
Other	0

Ethnic Background	
Black	3
American Indian	1
Hispanic	0
Other (including white)	16

Sex	
Male	10
Female	7
Male/Female	3

Military Status	
Veteran	2
Vietnam-Era	3
Non-Vet	15

NORTHEAST TEXAS SMALL BUSINESS DEVELOPMENT CENTER (68070)
NORTHEAST TEXAS COMMUNITY COLLEGE
MT. PLEASANT, TEXAS
CLIENT COUNSELING REPORT
ANNUAL 1987-1988

QTR	COUNSELOR NAME	CLIENT NO	BUSINESS NAME	NAME OF INQUIRER	DATE OF CONTACT	TYPE OF ACTION	TYPE OF BUS	SBA CLIENT	SEX	ETHNIC BACK-GROUND	MIL STAT	AREA OF COUNSEL-ING PROVIDED	CLIENT HOURS
02	Blackman	10004	Nissi Port. Bldgs	D. Betts	02-03-88	3						5,6	1
02	Blackman	10004	Nissi Port. Bldgs	D. Betts	02-09-88	3						3,5	3
02	Graf	10004	Nissi Port. Bldgs	V. Moore	02-02-88	3						4	2
02	Graf	10004	Nissi Port. Bldgs	M. Townzen	03-15-88	3						3,4	1
02		10008	Jurmu Custom	D. Jurmu		2							
02	Blackman	10009	Donuts, Etc.	S. Young	01-19-88	2	1	8	1	7	2	2,4	1
02	Blackman	10009	Donuts, Etc.	S. Young	02-15-88	3						2,10	2
02	Willeford	10010	T.C's Small Eng.	T. Currey	01-22-88	2	1,2	8	1	7	3	6,5	3
02	Willeford	10010	T.C's Small Eng.	T. Currey	01-28-88	3						6,5	2
02	Scott	10011	Winfield Sales	M. Holder	01-26-88	2	4	8	1	7	1	2,4	1
02	Kimble	10012	T & K Machine	T. Westbrook	01-25-88	2	4	8	1	2	1	2,4	2
02	Kimble	10012	T & K Machine	T. Westbrook	03-10-88	3						4	3
02	Kimble	10013	TNF Home Health	L. Nanze	12-28-87	2	2	8	1	0	3	0,4	4
02	Kimble	10014	Tri-Lakes Dist.	M. Taylor	01-22-88	2	3	8	1	7	2	0,4	3
02	Graf	10014	Tri-Lakes Dist.	M. Taylor	02-24-88	3						0,4	1
02	Kimble	10014	Tri-Lakes Dist.	M. Taylor	02-12-88	3						4	2
02	Kimble	10014	Tri-Lakes Dist.	M. Taylor	02-16-88	3						4	2
02	Kimble	10014	Tri-Lakes Dist.	M. Taylor	02-22-88	3						13	3
02	Graf	10014	Tri-Lakes Dist.	M. Taylor	03-02-88	3						3,4	2
02	Kimble	10014	Tri-Lakes Dist.	M. Taylor	03-04-88	3						4	1
02	Kimble	10015	William Excava.	G. Williams	01-20-88	2	5	8	2	0	3	1,3	4
02	Kimble	10015	William Excava.	G. Williams	03-01-88	3						4	5
02	Scott	10016	Selco Machine	D. Smith	01-18-88	2	4	8	1	7	1	2,5	2
02	Blackman	10017	Precision Stain.	J. Wallace	01-19-88	2	4	8	1	7	3	2,5	1
02	Blackman	10018	Truck Farm Proj.	J. Coe	01-11-88	2	2	8	1	7	3	1,2	2
02	Blackman	10019	Farris & Assoc.	D. Farris	01-28-88	2	2	8	1	7	2	1,2,4	2
02	Blackman	10019	Farris & Assoc.	D. Farris	02-24-88	3						1,4	1
02	Kimble	10020	Jay-Tex Aviation	D. Nealy	01-21-88	2	4	8	2	7	3		
02	Kimble	10021	Regal Air	D. Hess	12-23-87	2	4	8	1	7	3		
02	Blackman	10022	Holiday House	G. Earman	01-29-88	2	1	8	2	7	3	6,7	1
02	Kimble	10023	McAlester Const.	T. McAlester	02-16-88	2	5	8	1	7	3	3,4	2
02	Kimble	10024	Northeast TX Ind.	L. Arnold	01-28-88	2	2	2	1	7	3	0,4	2
02	Kimble	10025	Day's Sanitation	R. Williams	01-26-88	2	2	8	1	7	2	0,4	2
02	Kimble	10026	Blake's A-1 Appl.	J. Blake	01-26-88	2	2	8	1	0	2	1,4	2
02	Davis	10027	Claire Maloney	C. Maloney	02-15-88	1	6	8	2	7	3	1,3	1
02	Kimble	10028	Booster Fert.	W. Pierce	02-11-88	2	4	8	1	0	3	3,4	3
02	Kimble	10028	Booster Fert.	W. Pierce	02-13-88	3						4	3
02	Kimble	10028	Booster Fert.	W. Pierce	02-24-88	3						4	4
02	Kimble	10028	Booster Fert.	W. Pierce	02-26-88	3						4	3
02	Kimble	10029	Restlawn Funeral	J. Hildreth	12-08-87	2	2	2	1	0	2	2,3	2
02	Kimble	10030	Days Gone By	K. Capps	02-03-88	2	2	8	1	7	3	3,4	2
02	Kimble	10031	Capco Computer Sys	K. Capps	02-03-88	2	2	8	1	7	3	3,[illegible]	1

02	03-08-88	OT002	Kimble	Other	1	10032	DeKalb Const.	P. Meadows	4
02	03-29-88	EM003	Graf	Employee	2	10032	DeKalb Const.	P. Meadows	4
02	02-05-88	OT002	Kimble	Other	2	10033	Jacob Concrete	J. Hildreth	5
02	02-11-88	EM002	Blackman	Employee	1	10033	Jacob Concrete	J. Hildreth	5
02	03-01-88	OT002	Kimble	Other	5	10033	Jacob Concrete	J. Hildreth	5
02	02-16-88	OT001	Scott	Other	1	10034	The Peg Set	W. Stewart	4
02	02-16-88	OT002	Kimble	Other	3	10035	P. J. Const.	P. Brown	5
02	02-22-88	OT002	Kimble	Other	6	10035	P. J. Const.	P. Brown	5
02	02-23-88	OT002	Kimble	Other	1	10035	P. J. Const.	P. Brown	5
02	03-01-88	OT002	Kimble	Other	5	10035	P. J. Const.	P. Brown	5
02	02-18-88	EM002	Blackman	Employee	1	10036	Holman Machine	D. Holman	4
02	02-19-88	EM002	Blackman	Employee	1	10037	Laura's Cheesecake	W. Bass	4
02	02-24-88	EM002	Blackman	Employee	1	10038	Pines Gard Cen&Nurs	J. Stogner	1
02	02-25-88	EM002	Blackman	Employee	1	10039	H-88	M. Knieff	1,3
02	03-01-88	EM002	Blackman	Employee	1	10039	H-88	M. Knieff	1,3
02	02-25-88	OT001	Scott	Other	2	10040	Artistic Designs	R. Wynn	4
02	02-15-88	OT002	Kimble	Other	2	10041	David L. Thomas	D. Thomas	4
02	03-22-88	EM003	Graf	Employee	2	10041	David L. Thomas	D. Thomas	4
02	03-04-88	EM002	Blackman	Employee	2	10042	Yellow Rose Record	N. Williams	
02	03-07-88	EM002	Blackman	Employee	1	10043	Redfearn Interiors	V. Nelson	1,2
02	03-09-88	EM002	Blackman	Employee	1	10044	Forget Me Not Shop	D. Jones	1
02	03-11-88	EM002	Blackman	Employee	1	10045	Pro Type	G. Black	2
02	03-15-88	EM002	Blackman	Employee	1	10046	J C's Construction	C. Chastain	5
02	03-15-88	EM002	Blackman	Employee	2	10047	Wholesale Plumbing	L. Philpot, Sr.	3
02	03-21-88	EM002	Blackman	Employee	2	10048	William A. Dykes	W. A. Dykes	4
02	03-22-88	EM002	Blackman	Employee	1	10049	Logistics & Mfg Co	F. Kimble	2
02	03-22-88	EM002	Blackman	Employee	2	10050	David Rodriguez	D. Rodriguez	1

NEW CLIENTS
March 1988

OMPANY NAME	INQUIRER'S NAME	BUSINESS	CITY	COUNTY
ellow Rose Record Shoppe	Nancy Williams	Retail	Pittsburg	Camp
elly Redfearn Interiors	Vicki Nelson	Ret./Serv.	Mt. Pleasant	Titus
Forget Me Not Shoppe	Deanna Jones	Retail	Naples	Morris
roType	Gayla Black	Service	Mt. Pleasant	Titus
.C.'s Const. & Demo	Craig Chastain	Service	Mt. Vernon	Franklin
Wholesale Plumbing Supply	Leon Philpot, Sr.	Whls.	Mt. Pleasant	Titus
N/A	William A. Dykes	Mfg.	Greenville	Hunt
ogistics & Mfg. Co.	Fred Kimble	Service	Pittsburg	Camp
/A	M/M David Rodriquez	Retail	Hughes Springs	Cass

CLIENTS BY COUNTY
YTD

BOWIE	1
CAMP	8
CASS	4
FRANKLIN	2
GREGG	3
HOPKINS	2
HUNT	1
LAMAR	5
MORRIS	6
RED RIVER	2
TITUS	16
TOTAL	50

COUNSELOR ACTIVITY REPORT

Through the end of March, the SBDC had 9 counselors consisting of SBDC/BID Center employees, NTCC facility and private sector volunteers. Three counselors were active during the month providing 41 client counseling hours. A list of the current counselors and a detail breakdown of their activities are attached.

NORTHEAST TEXAS SMALL BUSINESS DEVELOPMENT CENTER (68070)
NORTHEAST TEXAS COMMUNITY COLLEGE
MT. PLEASANT, TEXAS
COUNSELOR REPORT
SECOND QUARTER 1987-1988

QTR	DATE OF CONTACT	COUNSELOR NUMBER	COUNSELOR NAME	RESOURCE	CONTACT HOURS	CLIENT NO	BUSINESS NAME	NAME OF INQUIRER	TYPE OF BUS.
02	02-03-88	EM002	Blackman	Employee	1	10004	Nissi Port. Bldgs	D. Betts	
02	02-09-88	EM002	Blackman	Employee	3	10004	Nissi Port. Bldgs	D. Betts	
02	02-02-88	EM003	Graf	Employee	2	10004	Nissi Port. Bldgs	V. Moore	
02	03-15-88	EM003	Graf	Employee	1	10004	Nissi Port. Bldgs	M. Townsen	
02						10008	Jurmu Custom	D. Jurmu	
02	01-29-88	EM002	Blackman	Employee	1	10009	Donuts, Etc.	S. Young	1
02	02-15-88	EM002	Blackman	Employee	2	10009	Donuts, Etc.	S. Young	
02	01-22-88	OT003	Willeford	Other	3	10010	T.C.'s Small Eng.	T. Currey	1,2
02	01-28-88	OT003	Willeford	Other	2	10010	T.C.'s Small Eng.	T. Currey	1,2
02	01-26-88	OT001	Scott	Other	1	10011	Winfield Sales	M. Holder	4
02	01-25-88	OT002	Kimble	Other	2	10012	T & K Machine	T. Westbrooks	4
02	03-10-88	OT002	Kimble	Other	3	10012	T & K Machine	T. Westbrooks	4
02	12-28-87	OT002	Kimble	Other	4	10013	TNF Home Health	L. Nanze	2
02	01-22-88	OT002	Kimble	Other	3	10014	Tri-Lakes Dist.	M. Taylor	3
02	02-24-88	EM003	Graf	Employee	1	10014	Tri-Lakes Dist.	M. Taylor	3
02	02-12-88	OT002	Kimble	Other	2	10014	Tri-Lakes Dist.	M. Taylor	3
02	02-16-88	OT002	Kimble	Other	2	10014	Tri-Lakes Dist.	M. Taylor	3
02	02-22-88	OT002	Kimble	Other	3	10014	Tri-Lakes Dist.	M. Taylor	3
02	03-04-88	OT002	Kimble	Other	1	10014	Tri-Lakes Dist.	M. Taylor	3
02	03-02-88	EM003	Graf	Employee	2	10014	Tri-Lakes Dist.	M. Taylor	3
02	01-20-88	OT002	Kimble	Other	4	10015	William Excav.	G. Williams	5
02	03-01-88	OT002	Kimble	Other	5	10015	William Excav.	G. Williams	5
02	01-18-88	OT001	Scott	Other	2	10016	Selco Machine	D. Smith	2
02	01-19-88	EM002	Blackman	Employee	1	10017	Precision Stain.	J. Wallace	4
02	01-11-88	EM002	Blackman	Employee	2	10018	Truck Farm Proj.	J. Coe	2
02	01-28-88	EM002	Blackman	Employee	2	10019	Farris & Assoc.	D. Farris	2
02	02-24-88	EM002	Blackman	Employee	1	10019	Farris & Assoc.	D. Farris	2
02	01-29-88	EM002	Blackman	Employee	1	10022	Holiday House	G. Earman	1
02	02-16-88	OT002	Kimble	Other	2	10023	McAlester Const.	T. McAlester	5
02	01-28-88	OT002	Kimble	Other	2	10024	Northeast TX Ind.	L. Arnold	2
02	01-26-88	OT002	Kimble	Other	2	10025	Day's Sanitation	R. Williams	2
02	01-26-88	OT002	Kimble	Other	2	10026	Blakes A-1 Appl.	J. Blake	2
02	02-15-88	EM001	Davis	Employee	1	10027	Claire Maloney	C. Maloney	6
02	02-11-88	OT002	Kimble	Other	3	10028	Booster Fertilizer	W. Pierce	4
02	02-13-88	OT002	Kimble	Other	3	10028	Booster Fertilizer	W. Pierce	4
02	02-24-88	OT002	Kimble	Other	4	10028	Booster Fertilizer	W. Pierce	4
02	02-26-88	OT002	Kimble	Other	3	10028	Booster Fertilizer	W. Pierce	4
02	12-08-87	OT002	Kimble	Other	2	10029	Restlawn Funeral	J. Hildreth	2
02	02-03-88	OT002	Kimble	Other	2	10030	Days Gone By	K. Capps	2
02	02-03-88	OT002	Kimble	Other	1	10031	Capco Computer Sys	K. Capps	2
02	02-23-88	EM002	Blackman	Employee	1	10031	Capco Computer Sys	K. Capps	2
02	02-12-88	OT002	Kimble	Other	3	10032	DeKalb Const.	P. Meadows	4

02	Blackman	10031	Capco Computer Sys	K. Capps	02-23-88	3						1,2	1
02	Kimble	10032	DeKalb Const.	P. Meadows	02-12-88	2	4	8	2	7	3	4	3
02	Kimble	10032	DeKalb Const.	P. Meadows	03-08-88	3						4	1
02	Graf	10032	DeKalb Const.	P. Meadows	03-29-88	3						3,4	2
02	Kimble	10033	Jacob Concrete	J. Hildreth	02-05-88	2	5	2	1	0	3	2,4	2
02	Blackman	10033	Jacob Concrete	J. Hildreth	02-11-88	3						2	1
02	Kimble	10033	Jacob Conrete	J. Hildreth	03-01-88	3						4	5
02	Scott	10034	The Peg Set	W. Stewart	02-16-88	2	4	8	1	7	3	1,2,3	1
02	Kimble	10035	P. J. Const.	P. Brown	02-16-88	2	5	8	2	7	3	3,4	3
02	Kimble	10035	P. J. Const.	P. Brown	02-22-88	3						4	6
02	Kimble	10035	P. J. Const.	P. Brown	02-23-88	3						10,4	1
02	Kimble	10035	P. J. Const.	P. Brown	03-01-88	3						4	2
02	Blackman	10036	Holman Machine	D. Holman	02-18-88	2	4	8	1	7	3	3,4	1
02	Blackman	10037	Laura's Cheesecake	W. Bass	02-19-88	2	4	8	1	7	3	3	1
02	Blackman	10038	Pines Gard Cen&Nur	J. Stogner	02-24-88	2	1	8	3	7	3	1,3	1
02	Blackman	10039	H-88	M. Knieff	02-25-88	2	1,3	8	1	7	3	1,3,5	2
02	Blackman	10039	H-88	M. Knieff	03-01-88	3						1,2	1
02	Scott	10040	Artistic Designs	R. Wynn	02-25-88	2	4	8	1	7	3	1,2,4	2
02	Kimble	10041	David Lloyd Thomas	D. Thomas	02-18-88	2	4	8	1	7	2	1,4	2
02	Graf	10041	David Lloyd Thomas	D. Thomas	03-22-88	3						3,4	2
02	Blackman	10042	Yellow Rose Record	N. Williams	03-04-88	2	1	8	2	7	3	1,2,5	2
02	Blackman	10043	Redfearn Interiors	V. Nelson	03-07-88	2	1,2	8	2	7	3	1,5,6,7	1
02	Blackman	10044	Forget Me Not Shop	D. Jones	03-09-88	2	1	8	2	7	3	5,6,7	1
02	Blackman	10045	Pro Type	G. Black	03-11-88	2	2	8	2	7	3	1,3,5	1
02	Blackman	10046	J C's Construction	C. Chastain	03-15-88	2	5	8	1	7	3	1,3	1
02	Blackman	10047	Wholesale Plumbing	L. Philpot Sr	03-15-88	2	3	8	2	7	3	2,3,4,7	2
02	Blackman	10048		W. A. Dykes	03-21-88	2	4	8	1	7	2	1,2	2
02	Blackman	10049	Logistics & Mfg Co	F. Kimble	03-22-88	2	2	8	1	0	1	3,4,5,11	1
02	Blackman	10050		D. Rodriguez	03-22-88	2	1	8	3	7	3	1,2,5	2

TRAINING ACTIVITIES

SBDC in conjunction with the Lifelong Learning Department started a short training course titled "Bookkeeping for Small Businesses" on March 24, 1988 at NTCC. The training course meets on 8 consecutive Thursday nights for a total of 24 hours. The instructor is Ms. Haritha Bockmon, co-owner of Bockmon & Bockmon Insurance Agency, Daingerfield. Nineteen persons are registered for the course. (See Attachment 1)

MARCH 1988 OBJECTIVES

1. Continue to recruit volunteer counselors and conduct official orientation session.

   RESULTS: No new volunteer counselors were recruited during March. One counselor, Deanna Scott, has resigned effective March 31, 1988. Several new counselor prospects have been identified.

2. Complete printing of Sub-Center marketing brochure.

   RESULTS: 500 marketing brochures were printed and are available for distribution. (See Attachment 2)

3. Sign up at least 12 new SBDC clients and perform at least 25 client hours of one-on-one counseling.

   RESULTS: Nine new SBDC clients were signed up during the month which is 75% of the objective. However, 41 hours of one-on-one client counseling were performed. Our counseling experience during the month indicates that existing clients are beginning to request continuous counseling, especially procurement program clients.

4. Participate in one formal small business training session with at least 10 attendees.

   RESULTS: SBDC counselor, Stan Adamson, conducted the short training course "Bookkeeping for Small Businesses" orientation beginning on March 24, 1988.

5. Attend the Daingerfield and Camp County Chamber of Commerce banquets.

   RESULTS: SBDC director and counselors attended the two chamber banquets and made numerous contacts, e.g. Ms. Anice Reed, State of Texas Main Street Director.

6. Attend the Tyler Junior College SBDC grand opening.

   RESULTS: SBDC director attended the Tyler SBDC ribbon cutting activities on Friday, March 18, 1988. Norbert Dettman, Regional SBDC Director from Dallas, and numerous local and area dignitaries attended the opening. After the activities, SBDC director met with the Tyler SBDC director and staff to share ideas and projects.

7. Assist one SBDC client with completion of SBA loan application package.

   RESULTS: An SBA loan application package was initiated for Donuts, Etc., a SBDC client located in Mt. Pleasant. Completion of the package, including a business plan, is expected in April for submission to a local bank and hopefully, to the SBA office in Marshall.

8. Research and identify training session topics and instructors for the 3rd and 4th quarters of 1988.

   RESULTS: A list of 20 possible seminar/course topics was developed and presented to the Lifelong Learning Department director for consideration and action. (See Attachment 3)

9. Write an article for the Northeast Texas SBDC Network newsletter or rural economic development.

   RESULTS: SBDC director wrote and submitted an article to the Northeast Texas SBDC Network for publication in the May 1988 newsletter. (See Attachment 4)

Other:

RESULTS: Radio talk show presentation on SBDC. (See Attachment 5)

RESULTS: SBDC counselor interviewed on KTAL Channel 7 (Tyler, Longview). Brochures sent to viewers responding to program comments.

RESULTS: Longview Morning Journal article on SBDC program and director. (See Attachment 6)

APRIL 1988 OBJECTIVES

1. Continue to recruit volunteer counselors from the private sector.
2. Sign up at least 15 new SBDC clients and perform at least 30 hours of one-on-one client counseling.
3. Formalize the training program topics and instructors for the 3rd and 4th quarters of 1988.
4. Complete preparation of the SBA loan application package for Donuts, Etc. and submit to a local lender for consideration.
5. Work with the Daingerfield Main Street Director to sign up and counsel with new businesses moving into the downtown historic district.
6. Attend the quarterly SBDC director's meeting in Dallas.
7. Attend the 2nd annual Small Business Incubator Conference in Dallas.
8. Work with the Mt. Pleasant Chamber of Commerce Small Business Committee to develop programs which will assist the Chamber's small business members.

PROSPECTS

1. Jay C. Wallace dba Precision Stainless Fittings, Inc.

   Principle cannot obtain private financing. Still active SBDC client.

2. David Sellers dba Selco

   No further contact. Will be dropped from list in April.

3. W. L. "Buddy" Stewart

   Buddy came to the BID Center and discussed his plans with Gib Blackman and Deanna Scott. We will help him with his package when he obtains private financing. Review situation in April.

4. Max and Bob Holder dba Winfield Sales and Manufacturing

   A business plan and financial information have been requested for further evaluation. Holder indicated he has contacted a SBA loan packager in Greenville but desires to be an active SBDC client.

5. Rick Wynn/Don Bowman

   Gib Blackman and Deanna Scott ask for business plan and financial information. Referred to The State Bank of Omaha for possible private financing. Review situation in April.

6. H. D. Dillingham dba Dillingham Industries

   A business plan and financial information have been requested for further evaluation. Dillingham was introduced to Gary R. Traylor & Associates, a Tyler loan packager, for possible Texas Capital Fund application. Will be dropped in April.

The prospects listed above are those who have sought input from the economic development staff.

Every project has a common problem which is lack of financing. If a prospect can get private leveraging we can help with gap financing, e.g. Texas Capital Fund, or SBA loan guaranty.

TO: Jack Foreman

FROM: Jim Davis

DATE: April 4, 1988

RE: SBDC Budget Control Report as of March 31, 1988

Personnel

Budget	$34,658.00
Expended	9,630.90
Committed	17,315.10
BALANCE	$7,712.00

Fringe Benefits

Budget	$2,628.00
Expended	261.21
Committed	522.42
BALANCE	$1,844.37

Travel

Budget	$1,814.00
Expended	237.67
Committed	700.00
BALANCE	$876.33

Supplies

Budget	$3,997.00
Expended	1,026.53
Committed	2,400.00
BALANCE	$570.47

EQUIPMENT

Budget	$3,656.00
Expended	3,656.00
Committed	-0-
BALANCE	-0-

SEMINARS

Budget	$1,500.00
Expended	-0-
Committed	-0-
BALANCE	$1,500.00

CONSULTANTS

Budget	$5,000.00
Expended	-0-
Committed	-0-
BALANCE	$5,000.00

IN KIND

Budget	$17,751.00
Expended	8,602.02
Committed	9,148.98
BALANCE	-0-

OVERALL

Budget	$71,004.00
Expended	23,414.33
Committed	30,086.50
BALANCE	$17,503.17

Billings to SBA

Total Budget	$35,502.00
1st Quarter Invoice	1,254.20
2nd Quarter Invoice	$ 7,921.87
BALANCE	$26,325.93

(Attachment 1)

NO. STUDENTS ENROLLED 4

BOCKMON HARTHIA CONT5929 01 3/24/88 5/12/88

BKPG. FOR SM. BUS.

466985888	BETTS	DONNA	K	897-2256
455561915	BOOTH	JOHN	W	572-6980
465190258	DEANNA	JONES		897-5033
440422422	GREGG	HENRY	C	572-2838
459806579	GREGG	JUDY	C	572-2838
499586219	GUINN	JANICE	K	572-3267
451909639	HAGOOD	ALICE	I	645-2595
451460036	HILLIARD	JO	M	632-5889
453808168	HORN	SALLY	J	572-6568
464908063	JONES	JIMMY	F	365-7120
463024552	JONES	VICKI	L	365-7120
370486851	JURMU	DENNIS	J	639-2888
438909240	LEBSACK	DWIGHT	C	572-3140
464548169	MAYO	ELAINE		860-2756
453063254	MCCOLLUM	DIANAH	G	572-8641
459806343	MCCOLLUM	HARRY	D	572-8641
466274489	RHYMES	PAULA	A	572-1474
386348272	SHERMAN	BRUCE	E	572-9571
379507135	SHERMAN	KARLA	E	572-4684

(Attachment 1)

Announcing

Two Informative $eminars to Help Your Business Grow

- Bookkeeping for Small Businesses
- Telephone Techniques for Successful Business

Small Business
Development
Center
Northeast Texas Community College

LIFELONG LEARNING

Northeast Texas Community College
P.O. Box 1307
Mt. Pleasant, Texas 75455

Nonprofit Org.
Bulk Rate
U.S. Postage
Paid
Mt. Pleasant, TX
Permit No. 96

Lifelong Learning Department
Northeast Texas Community College
P.O. Box 1307
Mt. Pleasant, Texas 75455

(Attachment 1)

☐ BOOKKEEPING FOR SMALL BUSINESSES

Are you having a difficult time tracking your business finances? This course is designed for you, the small businessperson or potential entrepreneur. You will learn to set up and maintain an effective bookkeeping system.

Instructor	H. Bockmon
Fee	$40.00
No. of Classes	8
Time	6:45 p.m. - 9:45 p.m.
Date	3/24 - 5/12
Class Day	Thursday
Location	NTCC campus

☐ TELEPHONE TECHNIQUES FOR SUCCESSFUL BUSINESS

The people that answer your telephones can be the best advertisers for your business. Topics will include clarifying expectations, your phone tone, effective message taking, screening calls professionally, going that extra mile, and closing with a personal touch.

Instructor	V. Cecil
Fee	$15.00
No. of Classes	2
Time	6:30 p.m. - 9:00 p.m
Dates	4/4 - 4/11
Class Day	Monday
Location	NTCC campus

For additional information, contact:

Lifelong Learning Department
Northeast Texas Community College
P.O. Box 1307
Mt. Pleasant, Texas 75455
(214) 572-1911
1-800-441-8568

Help for small business owners, managers or those thinking about starting a small business is available through the Small Business Development Center (SBDC) located at Northeast Texas Community College (NTCC). The Center serves Franklin, Camp, Titus and Morris Counties.

The SBDC acts primarily in an advisory capacity, using volunteers who are experienced professionals to help the small business person with financing, marketing, accounting/bookkeeping, computers and business development activities. The counseling services are free. For more information about the resources available at the SBDC, contact Gib Blackman, the SBDC director, at 214-572-1911 or visit the SBDC office located on the NTCC campus.

For registration, fill out and mail this card .... ➔

The Small Business Development Center.
Co-sponsored by the U.S. Small Business Administration.

SBA

An equal employment opportunity/handicapped/affirmative action employer.
Special arrangements for handicapped individuals are available upon request.
This material is based upon work supported by the U.S. Small Business Administration under Cooperative Agreement Number SB-2M-00129-02.

YES, I WILL ATTEND!!
Please register me for:
☐ Bookkeeping for Small Businesses
☐ Telephone Techniques for Successful Business

SSN :

Name ____________________

Address ____________________

City ________ Zip ________ Phone ________

Your check should be payable to Northeast Texas Community College.

Are you presently an owner or manager of a small business? ☐ owner ☐ manager

Type of business you are engaged in or plan to be engaged in:
☐ Service (commercial/Industrial) ☐ Service (other) ☐ Manufacturing ☐ Retail ☐ Construction ☐ Wholesale

Signature ____________________

(Attachment 2)

Small Business Development Center

"ONE-STOP BUSINESS ASSISTANCE CENTER"

SBDC

NTCC Northeast Texas Community College
P.O. Box 1307
Mt. Pleasant, Texas 75455
214-572-1911 • 800-441-8568

Small Business Development Center
Northeast Texas Community College
P.O. Box 1307
Mt. Pleasant, Texas 75455

PLACE
STAMP
HERE

Small Business Development Center
Northeast Texas Community College
P.O. Box 1307
Mt. Pleasant, Texas 75455

(Attachment 2)

Small Business Development Center

Designed to meet the needs of small businesses in Northeast Texas

Who we are...

The SBDC is a professional management counseling service funded by Northeast Texas Community College and U.S. Small Business Administration. The center offers "one-stop" assistance to small business – making a wide variety of information and guidance available in a centralized location. The SBDC offers specialized services for women and minority-owned businesses, veterans, exporters and agribusiness. Counseling and other services are provided by qualified professionals.

What we do...

Counseling

The SBDC offers free individual counseling to the small business community including assistance with accounting and bookkeeping, business plan development, financial analysis, management and marketing. In addition, services are offered in government procurement, computer-aided cost estimating, exporting, identifying and writing proposals for funding opportunities, and rural and community development. Services are available for both start-up and existing businesses in retail, wholesale, manufacturing and service industries.

Education

The SBDC offers low-cost seminars, conferences and courses geared to the needs of your business. Working with qualified individuals recruited from business, colleges, chambers of commerce, SCORE (Service Corps of Retired Executives) and other volunteer associations, the center provides expert instruction on specific and varied business topics. Courses range from introductory topics for those planning to start a business to more advanced seminars aimed at the experienced small business owner. In addition to offering public programs, the SBDC works with organizations to develop and conduct specialized programs tailored to specific business needs.

Information

The "one-stop business assistance center" provides your business with the information needed for success. Let us give you that extra advantage needed in today's competitive business environment.

How we can help you...

To receive assistance from the SBDC, complete the attached request form and send it to our office. We will then contact you and arrange a meeting with a counselor.

In your first meeting with our counselor, a preliminary assessment of your needs will be made. The center's professional focus is one-on-one counseling, so that you will be trained in management techniques throughout the counseling process. We work with established and start-up businesses, as well as with individuals who are planning to go into business.

The SBDC services are completely confidential and available free of charge to all residents of Camp, Franklin, Morris and Titus Counties and other counties in the Northeast Texas region upon request.

Where...

The Small Business Development Center is located on the campus of Northeast Texas Community College.

Our address is:

Small Business Development Center
Northeast Texas Community College
P.O. Box 1307
Mt. Pleasant, Texas 75455

Our phone is:

(214) 572-1911 or (800) 441-8568

The Small Business Development Center.
Co-sponsored by the U.S. Small Business Administration.

SBA

An equal employment opportunity/handicapped/affirmative action employer.
Special arrangements for handicapped individuals are available upon request.
This material is based upon work supported by the U.S. Small Business Administration under Cooperative Agreement Number 5P-2M-00129-02.

I am interested in the services of the Small Business Development Center.

Name__________ SSN:__________

Company Name__________

Address__________ City__________ Zip__________

Business Phone__________ Home Phone__________

Nature of Assistance Needed__________

☐ I request help starting a new business. ☐ I own an existing business.

he Small Business Development Center staff subscribes to the highest standards of professional conduct. The center provides a confidential free counseling service. All information regarding your business will remain confidential and only the staff working with you will have knowledge of your business' operations.

MEMO

TO: Stan Adamson

FROM: Gib Blackman

DATE: 3-14-88

RE: Possible SBDC Seminar/Workshop Topics

POSSIBLE COURSE TOPICS:

1) How to Develop a Small Business Marketing Plan
2) Small Business Tax Workshop
3) How to Start a Mail Order Business
4) Insurance Topic
5) CPR for Small Business: Eight Ways to Avoid Bankruptcy
6) How to Develop a Business Plan
7) How to Start a Small Business
8) How to Start a Business in Your Name
9) How to Apply and Qualify for Business Financing
10) How to Contract with the Federal Government
11) Using a Personal Computer in a Small Business
12) Budgeting Techniques for the Small Business
13) Credit & Collection Techniques
14) Motivating People
15) How to Manage a Small Business
16) Basic Sales Techniques
17) How to Buy & Sell a Small Business
18) Business Letter Writing
19) Preparing & Understanding Financial Statements Workshop
20) Bidding & Estimating Workshop

(Attachment 4)

SBDC Network Newsletter Article

U.S. Small Business Administration
ACCESS '88
Southwest Regional Roundtable Meeting

The U.S. SBA Administrator, Mr. James Abdnor, invited Federal, State and local/private sector representatives to participate in the Southwest Regional Roundtable Meeting in Dallas, Texas on Friday, February 12, 1988, to discuss economic development in rural America.

The meeting was one of ten Regional Roundtables held across the country under the SBA's theme ACCESS '88 "Growing Small Business in Rural America." Recommendations and comments from the regional meetings were sent to Mr. Adbnor for use in his presentation to the National Governor's Association Meeting, February 22, 1988 in Washington.

According to Mr. Joseph Pena, SBA Dallas Region Administrator, the Southwest Regional Roundtable Meeting was a tremendous success with approximately 125 attendees participating. Mr. Charles Cadwell, SBA Deputy Chief Counsel from the SBA Administrator's office in Washington introduced the SBA's Rural Development Initiative, ACCESS '88, and explained the SBA's desire to improve the economic health of small business in the rural segment of the U.S. economy. Mr. Caldwell informed the group that the roundtable meetings have been invaluable to the development of policies that promote the formation and expansion of rural small business.

The meeting's primary purposes were to identify rural small business needs in the Southwest, inventory programs available that meet these needs, and evaluate the SBA's regional delivery system. The format of the meeting was roundtable discussions segmented into three sessions: businesses in declining industries, established businesses, and new and prospective businesses. Each roundtable was identified by either finance, programs or outreach interests. Issues were presented and strategies developed by each roundtable. Reports were given by the roundtables to the meeting participants after each discussion session.

Key issues presented and strategies developed ranged from the need for long range commitments to restructure and diversify businesses in declining industries, sharing information (Networking) and more education for both established and new businesses, to restructuring financing in today's market to minimize new small business failures. A summary report of the meeting's strategy statements was distributed to each attendee, and a copy is available from the Network office upon request.

Questions for Radio Talk Show

1. What is the SBDC program and what is its purpose?
2. Specifically what will the SBDC offer small business owners and managers in our area?
3. How is the Center organized and staffed? Where is it located?
4. What are the Center's hours? Do you need an appointment? How do I contact the Center for an appointment?
5. What is your background?
6. Is there a charge for the Center's services?
7. How does the Center's services related to the business courses offered by NTCC?

Due to copyright restrictions, Attachment 6 has been removed. It contained an article from the Longview Morning Journal for Monday, March 28, 1988 entitled, "NTCC Counselor Helps Business."

Appendix P:

SAMPLE ARTICLES OF INCORPORATION AND BY-LAWS FOR INDUSTRIAL FOUNDATION

ARTICLES OF INCORPORATION OF

____

We, the undersigned natural persons of the age of twenty-one years or more, at least two of whom are citizens of the State of Texas, acting as incorporators of a corporation under the Texas Non-Profit Corporation Act, do hereby adopt the following Articles of Incorporation for such corporation:

ARTICLE ONE

The name of the Corporation is ____.

ARTICLE TWO

The corporation is a non-profit corporation.

ARTICLE THREE

The period of its duration is perpetual.

ARTICLE FOUR

The purpose or purposes for which the corporation is organized are: Promoting the business interest of ___________ County, Texas, including rendering financial and other assistance of the manufacturing, industrial, business and trade development of _____________ County, Texas; to render aid to manufacturing, industrial, scientific, educational and business enterprises situated in such area, and to induce the location in said __________ County, Texas of other manufacturing, industrial, scientific, educational and business establishments; to purchase, subdivide, sell and lease real property, and to erect or repair any building or improvement for the use of any manufacturing, industrial, scientific, educational or business enterprise in said ____________ County, Texas, and to accumulate and lend money for said purpose.

ARTICLE FIVE

This corporation is formed strictly as a civic undertaking and the purposes and powers herein granted shall be limited in their application to rendering financial and other assistance to the manufacturing, industrial, scientific, educational and business development in _____________ County, Texas, and to promoting the objectives and purposes hereinbefore set out.

ARTICLE SIX

This corporation is not organized for profit or personal gain and there shall never be any dividend declared or paid from profits, but any and all profits accruing or earned shall be placed in a surplus fund to be used in the furtherance of the objectives and purposes of the corporation.

ARTICLE SEVEN

The street address of the initial registered office of the corporation is ______________________________________, and the name of its initial registered agent at such address is ________________ _________.

ARTICLE EIGHT

Any person, firm, partnership or corporation, or other association may become a member of the corporation by paying into the corporation the sum of $100 or more. Each member shall be entitled to one membership certificate for each $100 paid into the corporation, and each such member shall be entitled to one vote. There shall be no partial or fractional votes. The corporation shall issue to the member a certificate evidencing each share or the number of shares owned by such member.

ARTICLE NINE

The number of directors of this corporation shall be nine, or as otherwise specified by the Bylaws of the corporation, but never less than three, and the names and addresses of the persons who are to serve as the initial directors and until successors have been named by the membership are as follows:

NAMES	ADDRESSES
____________________	________________________
____________________	________________________
____________________	________________________

ARTICLE TEN

The names and street address of each incorporator is:

NAMES	ADDRESSES
____________________	________________________
____________________	________________________
____________________	________________________

(Each Incorporator Must Sign)

IN WITNESS WHEREOF, we have hereunto set our hands this the __________ day of ______________, A.D. 19____.

________________________________ ________________________________

________________________________ ________________________________

________________________________ ________________________________

________________________________ ________________________________

________________________________ ________________________________

THE STATE OF TEXAS §
§
COUNTY OF §

I, ________________________, A Notary Public, do hereby certify that on the __________ day of ______________, A.D. 19____, personally appeared before me, _______________________ _____________________________ ________________________________ _____________________________ who, each being by me first duly sworn, severally declared that they are the persons who signed the foregoing document as incorporators, and that the statements therein contained are true.

IN WITNESS WHEREOF, I have hereunto set my hand and seal the day and year above written.

____
NOTARY PUBLIC, in and for
__________ County, Texas

THE STATE OF TEXAS §
§
COUNTY OF §

I, ______________________, A Notary Public, do hereby certify that on the __________ day of ____________, A.D. 19____, personally appeared before me ____________________, who being by me first duly sworn declared that he is the person who signed the foregoing document as incorporator, and that the statements therein contained are true.

IN WITNESS WHEREOF, I have hereunto set my hand and seal the day and year above written.

____
NOTARY PUBLIC, in and for
____________ County, Texas

BYLAWS OF __________ COUNTY, TEXAS

ARTICLE I (Offices)

The principal offices of the corporation shall be in the City of ____________, County of ______________, State of Texas.

ARTICLE II (Members)

Section 1. (Qualifications and Basis of Voting) Any person, firm, partnership, corporation or association of persons may become a regular member upon the contribution of any amount to the corporation. Members contributing less than $100.00 shall be non-voting members. Members contributing $100.00 or more shall be voting members, and shall be allowed one vote in the affairs of the corporation. Each member shall receive from the corporation a membership certificate, showing the class of member, whether voting or non-voting, and the amount of his contribution, which certificate shall be transferable upon written assignment by the member and notification to, and transfer on the books of, the corporation. Upon demand of any member the vote on any question before any meeting of the membership shall be by ballot.

Section 2. (Annual Meeting) The annual meeting of the membership of the corporation shall be held at the office of the corporation, or at such other place as may be designated by the Board of Directors in __________________, State of Texas, at 2:30 o'clock p.m. on the 3rd Tuesday in April in each and every year, if not a legal holiday, and, if a legal holiday, then on the next day not a legal holiday, for the purpose of electing directors of and transacting such other business as may come before the meeting.

The secretary shall cause written notice of the time and place of holding each annual meeting to be mailed, at least ten days prior to such meeting, to each member of record entitled to vote at the time of taking the list of members of such meeting, at such meeting, at such address as appears on the records of the corporation.

Section 3. (Special Meetings) Special meetings of the membership for any purpose, or purposes, other than those regulated by statute, may be called by the president, and shall be called by the president or secretary at the request in writing of a majority of the Board of Directors, or at the request in writing by a majority of interest of the members. Such request shall state the purpose or purposes of the proposed meeting.

The secretary shall cause written notice of the time and place of holding each special meeting, indicating briefly the object or objects thereof, to be mailed at least five (5) days before such meeting to each member of record entitled to vote at the time of taking the list of members for such meeting, at such address as appears on the records of the corporation.

Section 4. (Quorum) At any meeting of the membership for which due notice has been given a majority in interest (as determined by the amount of their respective contributions to the capital of the corporation) of the members, present in person or represented by proxy, shall constitute a quorum of the membership for all purposes unless the representation of a larger number shall be required by law, by the charter or by these bylaws, and in such case the representation of the number so required shall constitute a quorum.

If a majority in interest of the members shall fail to attend, in person or by proxy, at the time and place of meeting, the chairman of the meeting, or a majority in interest of the members present in person or by proxy, may adjourn the meeting from time to time without notice other than by announcement at the meeting, until the number of members requisite to constitute a quorum shall attend. At any such adjourned meeting, at which a quorum shall be present, any business may be transacted which might have been transacted at the meeting as originally notified.

Section 5. (Organization) The president shall call meetings of the members to order and shall act as chairman of such meetings. The Board of Directors or the members may appoint any member to act as chairman of any meeting in the absence of the president and vice-president.

The secretary of the corporation shall act as secretary at all meetings of the members, but, in the absence of the secretary, the presiding officer may appoint any person to act as secretary of the meeting.

Section 6. (Proxies) At each meeting of the members every member shall be entitled to vote in person or by proxy appointed by an instrument in writing, subscribed by such member or by his duly authorized attorney.

ARTICLE III
(Board of Directors)

Section 1. (Number and Term of Office) The business and property of the corporation shall be managed and controlled by a board of nine directors. The members of the Board of Directors shall each be members of this Corporation and shall be elected by ballot by plurality vote of the voting members at the annual meeting of the membership.

Such directors shall be elected for three-year overlapping terms and until their successors shall be elected and shall qualify, and their term shall be for three years from the annual meeting electing them. At the time of the first meeting of the Board of Directors following incorporation, the nine directors elected prior to incorporation shall draw lots to determine which three of them shall serve for three (3) years, which three of them shall serve for two (2) years, and which three of them shall serve for one (1) year. Thereafter at each annual meeting three new directors shall be elected to replace those whose terms have expired.

Section 2. (Vacancies) In case of any vacancy in the Board of Directors through death, resignation, disqualification or other cause the remaining directors by an affirmative vote of a majority thereof, may elect a successor to hold office until the next annual meeting, and until his successor shall have been elected and qualified. At the next annual meeting, a director shall be elected for the unexpired portion of the term of the director whose seat originally became vacant.

Section 3. (Place of Meeting) Regular meetings of the Board of Directors shall be held at the ___________________________ ________________, Texas, unless otherwise determined by resolution of the Board of Directors of the membership. A meeting of the Board of Directors for the election of officers and the transaction of such other business as may come before the meeting may be held following the annual meeting of the membership at a time and place to be fixed by resolution, adopted at the annual meeting of the membership, and no notice thereof shall be required to be given to the newly elected directors.

Section 4. (Special Meetings) Special meetings of the Board of Directors shall be held whenever called by direction of the president, or by one-third of the directors for the time being in office.

Section 5. (Notice of Meetings) The secretary shall cause notice of the time and place of holding each meeting of the Board of Directors to be given to each director. Such notice may be in writing, in person, or by telephone.

Section 6. (Quorum) A majority of the Board of Directors shall constitute a quorum for the transaction of business.

Section 7. (Order of Business) At meetings of the Board of Directors business shall be transacted in such order as the board may determine by resolution.

At all meetings of the Board of Directors, the president, or in his absence the vice-president, or in the absence of both of these officers, a member of the board selected by the members present, shall preside. The secretary of the corporation shall sit as secretary at all meetings of the board, and in case of his absence the chairman of the meeting may designate any person to act as secretary.

Section 8. (Contracts) Inasmuch as the directors of this corporation are likely to be connected with other corporations with which this corporation may have business dealings, no contract or other transaction between this corporation and any other corporation shall be executed unless the majority of the Board present and ratifying by an affirmative vote such contract are persons with no interest in such other corporation.

The Board of Directors, in its discretion, may submit any contract or act for approval or ratification at any annual meeting of the membership, or at any meeting of the membership called for the purpose of considering any such act or contract; and any contract or act that shall be approved or ratified by a majority of the members of the corporation represented in person or by proxy, at such meeting (provided that a lawful quorum of members be there represented in person or by proxy), shall be as valid and as binding upon the corporation and upon all the members as though it has been approved and ratified by all the members of the corporation.

Section 9. (Additional Powers) In addition to the powers and authorities by these bylaws expressly conferred upon them, the Board of Directors may exercise all such powers of the corporation and do all lawful acts and things as are not by statute or by the charter or by these bylaws directed or required to be exercised or done by the members. Without prejudice to such general powers and other powers conferred by statute, by the charter and by these bylaws, it is hereby expressly declared the Board of Directors shall have the following powers, that is to say:

(1) To purchase, or otherwise acquire for the corporation, any property, rights, or privileges which the corporation is authorized to acquire, at such price or consideration and generally on such terms and conditions as they think fit; and at their discretion to pay therefor either wholly or partly in money, stock, bonds, debentures, or other securities of the corporation.

(2) To create, make and issue notes, mortgages, bonds, deeds of trust, trust agreements and negotiable or transferable instruments and securities, secured by mortgage or deed of trust on any real property of the corporation or otherwise, and to do every other act of thing necessary to effect the same.

(3) To sell or lease the real or personal property of the corporation on such terms as the board may see fit and to execute all deeds, leases and other conveyances or contracts that may be necessary for carrying out the purposes of this corporation.

(4) To delegate any of the powers of the board in the course of the current business of the corporation to any standing or special committees or to any officer or agent, and to appoint any persons and agents of the corporation with such powers (including the power to subdelegate) and upon such terms as they think fit.

Section 10. (Compensation of Directors and Officers) Directors and officers, as such, shall not receive any salary for their services but by resolution of the board, expense incurred in the corporation's business may be refunded.

ARTICLE IV
(Executive Committee and Finance Committee)

Section 1. The Board of Directors shall elect from the directors an Executive Committee, and a Finance Committee, and shall designate a chairman of each committee to serve during the pleasure of the Board of Directors.

The Board of Directors shall fill vacancies in the Executive Committee or the Finance Committee by election from the directors and at all times it shall be the duty of the Board of Directors to keep the membership of each of such committees full.

All action by the Executive or by the Finance Committee shall be reported to the Board of Directors at its meeting next succeeding such action, and shall be subject to revision or alteration by the Board of Directors; provided that no acts or rights of third parties shall be affected by such revision or alteration.

Section 2. The Executive Committee shall consist of three (3) members. During the intervals between the meetings of the Board of Directors, the Executive Committee shall possess and may exercise all the powers of the Board of Directors in the management and direction of all the business and affairs of the company (except the matters hereinafter assigned to the Finance Committee) in such manner as the Executive Committee shall deem best for the interests of the corporation in all cases in which specific directions shall not have been given by the Board of Directors.

Section 3. The Finance Committee shall consist of three (3) members. The Finance Committee shall have special and general charge and control of all financial affairs of the corporation and such other matters as may be assigned to it from time to time by the Board of Directors. The secretary and the accounts for the corporation shall be under the direct control and supervision of the Finance Committee.

During the intervals between the meetings of the Board of Directors, the Finance Committee shall possess and may exercise all the powers of the Board of Directors in the management of the financial affairs of the corporation and such other matters as may be assigned to it from time to time by the Board of Directors in such manner as said committee shall deem to be best for the interests of the corporation, in all cases in which specific direction shall not have been given by the Board of Directors.

ARTICLE V
(Officers)

Section 1. (Executive Officers) The executive officers of the corporation shall be a president, a vice-president, a secretary and a treasurer, all of whom shall be elected by and subject to the control of the Board of Directors. The Board of Directors, immediately after each annual meeting of the membership shall elect by a ballot a president, one vice-president, a secretary and a treasurer. The Board of Directors may appoint such other officers as they may deem necessary, who shall have such authority, and shall perform such duties as from time to time may be prescribed by the Board of Directors.

Section 2. (Powers and Duties of the President) The president shall preside at all meetings of the directors. He shall have power to sign certificates of membership, to sign and execute all contracts and instruments of conveyance in the name of the corporation, to sign checks, drafts, notes and orders for the payment of money, and to appoint and discharge agents and employees, subject to the approval of the Board of Directors. He shall have general and active management of the business of the corporation, and shall perform all the duties usually incident to the office of president.

Section 3. (Vice-President) The vice-president shall have such powers and perform such duties as may be delegated to him by the Board of Directors. In the absence or disability of the president may perform the duties and exercise the powers of the president.

Section 4. (Power and Duties of the Secretary) The secretary shall keep the minutes of all meetings of the Board of Directors, and the minutes of all meetings of the membership, and also (unless otherwise directed) the minutes of all meetings of the committees in books provided for that purpose; he shall attend to the giving and service of all notices, he may sign with the president, or a vice-president, in the name of the corporation, all contracts and instruments of conveyance authorized by the Board of Directors, or by the Executive Committee, and when so ordered by the Board of Directors, or by the Executive Committee, he shall affix the seal of the corporation thereto; he shall have charge of the certificate books, transfer books and membership ledgers, and such other books and papers as the Board of Directors or the Executive Committee may direct, all of which shall, at all reasonable times, be opened to the examination of any director, upon application at the office of the corporation during business hours; and he shall in general perform all the duties incident to the office of secretary, subject to the control of the Board of Directors. He shall submit such reports to the Board of Directors and Executive and Finance Committees as may be requested by them.

Section 5. (Treasurer) The treasurer shall have custody of all funds and securities of the corporation which may come into his hands; when necessary or proper he shall endorse on behalf of the corporation for collection, checks, notes and other obligations and shall deposit the same to the credit of the corporation in such bank or depository as the Board of Directors or the Executive Committee may designate. Whenever required by the Board of Directors or by the Finance Committee he shall render a statement of his cash account; he shall enter regularly in the books of the corporation, to be kept by him for that purpose, a full and accurate account of the corporation; he shall at all reasonable times exhibit his books and accounts to any director of the corporation upon application at the office of the corporation during business hours; he shall perform all acts incident to the position of treasurer, subject to the control of the Board of Directors, and of the Finance Committee.

He shall give a bond for the faithful discharge of his duties in such sum as the Board of Directors or the Executive Committee may require.

ARTICLE VI
(Membership Certificates)

Section 1. (Certificates of Membership) The certificates of membership in the corporation shall be in such form, not inconsistent with the charter, as shall be prepared or be approved by the Board of Directors. The certificates shall be signed by the president or a vice-president, and also by the secretary-treasurer.

All certificates shall be consecutively numbered. The name of the person owning the certificates, the amount of his contribution to the capital of the corporation, and the date of issue, shall be entered on the corporation's books.

No certificate shall be valid unless it is signed by the president or a vice-president, and by the secretary-treasurer.

All certificates surrendered to the corporation shall be cancelled, and no new certificate shall be issued until the former certificate shall have been surrendered and cancelled except in case of a lost certificate.

The corporation may treat the holder of record of a certificate of membership in the corporation as the holder in fact thereof, and shall not be bound to recognize any equitable or other claim to or interest in any such certificate on the part of any other person whether or not it shall have express or other notice thereof, save and as expressly provided by the laws of Texas.

Section 2. (Lost Certificate) Any persons claiming a certificate of membership to be lost shall make an affidavit or affirmation of the fact and submit such other proof and guarantees as may be required by the Board of Directors. The Board of Directors, when satisfied that such certificate has been lost and that the steps necessary for the certificate in lieu of the certificate so lost, and shall show on the membership records of the corporation on the fact of such loss and issuance of the new certificate.

Section 3. In order to maintain the corporation as a strictly non-profit civic organization, and to further the purpose set forth in the charter, no certificate of membership shall be transferred to any person other than the heirs, legatees, or legal representatives of an individual member or the successor of a firm or corporate member without the approval in writing of the Board of Directors. At the time that the application is made for the transfer of any certificate, the corporation shall have privilege of purchasing such certificate for the amount of the contribution to the capital of the corporation shown on the face thereof. The certificates of membership in the corporation shall be transferable on the conditions above stated by the holder thereof in person, or by his duly authorized attorney, upon surrender and cancellation of such certificate properly endorsed.

Section 4. (Dividends) No dividend shall ever be declared or paid from the profits of the corporation, but any and all profits accruing or earned shall be placed in a surplus fund to be used in the furtherance of the purposes and objectives of the corporation.

ARTICLE VII
(Corporation Seal)

No corporate seal shall be required.

ARTICLE VIII
(Fiscal Year)

The fiscal year of the corporation shall begin on the first day of January and terminate on the 31st of December in each year.

ARTICLE IX
(Miscellaneous)

Section 1. (Annual Statement) The Board of Directors shall submit to the members, at their annual meetings, a statement of the physical and financial condition of the corporation covering the previous fiscal year, and a consolidated balance sheet showing the assets and liabilities of the corporation at the end of the preceding fiscal year.

Section 2. (Notices and Waivers Thereof) Whenever under the provisions of these bylaws notice is required to be given to any member, director or officer, unless otherwise provided such notice may be given personally, or it may be given in writing by depositing the same in the post office or letter box in a post paid envelope or postal card addressed to such member, director or officer, at such address as appears on the books of the corporation, or, in default of other address, to such member, director or officer at the general post office in the City of ____________, and such notice shall be deemed to be given at the time when the same shall be thus mailed. Whenever any notice whatever is required to be given by law, or by these bylaws, a waiver thereof in writing signed by the person or persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent thereto.

Section 3. (Negotiable Instruments) All checks, drafts, notes or other obligations of the corporation shall be signed by such of the officers of the corporation or by such person or persons as may be thereunto authorized by the Board of Directors of the Executive Committee.

ARTICLE X
(Amendments)

The Board of Directors, by the affirmative vote of a majority of the Board, may alter, amend, or repeal the bylaws or adopt new bylaws at any regular meeting, or any special meeting provided that notice be given not less than three (3) days prior to such meeting and that such notice contain a copy of the proposed amendment or amendments.

ARTICLE XI
(Dissolution of Corporation)

It shall not be the purpose of this corporation to engage in carrying on propaganda or otherwise attempting to influence legislation; and any earning, sums or property which are greater than the invested capital shall not be returned to the shareholders at any time. Upon the dissolution of the corporation, or at such earlier time as may be deemed proper by the Board of Directors, such earnings, sums or property shall be distributed to such charitable or non-profit organizations as the Board of Directors may deem proper.

NON-PROFIT

In the name and by the authority of

The State of Texas

OFFICE OF THE SECRETARY OF STATE

CERTIFICATE OF INCORPORATION
OF

The undersigned, as Secretary of State of the State of Texas, hereby certifies that duplicate originals of Articles of Incorporation for the above corporation duly signed and verified pursuant to the provisions of the Texas Non-Profit Corporation Act, have been received in this office and are found to conform to law.

ACCORDINGLY the undersigned, as such Secretary of State, and by virtue of the authority vested in him by law, hereby issues this Certificate of Incorporation and attaches hereto a duplicate original of the Articles of Incorporation.

Dated________________, 19____.

Mark White

Secretary of State

Comptroller of Public Accounts
Finance Building
Capitol Station
Austin, Texas 78711

Attention: Chief, Franchise Tax Division

Dear Sir:

We request a Franchise Tax Exemption under Article 1203 Vol. 20A, V.A.T.S., Title 122a, Revised Civil Statutes of Texas for the ____.

Enclosed is a copy of the Articles of Incorporation, minutes, bylaws, and other allied documents.

The purpose of this non-profit organization is to promote public interest to gain new industries and businesses to come to _________, Texas, creating more jobs, income, and improving the community in general.

Very truly yours,

Signed:___________________

Title:____________________

Enclosures

Appendix Q:

SAMPLE NONFINANCIAL AGREEMENT BETWEEN ARK TEX COUNCIL OF GOVERNMENTS AND NORTHEAST TEXAS COMMUNITY COLLEGE

SAMPLE

Northeast Texas Community College
and
Ark-Tex Council of Governments
Non-Financial Agreement

This NON-FINANCIAL AGREEMENT is entered into this _____ day of ______________, 1988 between Northeast Texas Community College (NTCC) and the Ark-Tex Council of Governments (ATCOG).

I. PERIOD OF AGREEMENT: This agreement becomes effective on the date signed and will continue in effect from the signed date through ________________, 1989, unless amended by either party and in accordance with subsequent agreement by both parties.

II. PURPOSE OF AGREEMENT: The purpose of this agreement is to:

A. Establish guidelines for a cooperative working relationship in publicizing the Business and Industrial Development Center's activities including procurement, small business development and economic development.

B. Coordinate resources and sharing of information with clients and prospects of the JTPA program activities which will help maximize participation in existing and start-up businesses.

C. Recognize that the Ark-Tex Council of Governments is a local affiliate of the State Data Center and the U.S. Census Bureau for providing census information and that a cooperative effort is needed to improve existing databases and its usefulness for economic development.

D. Cooperate and participate in efforts to secure funding for the public and private sector economic and community development programs through Texas Capital Access Program (TEXCAP), Texas Community Development Program, the Job Training Partnership Act, Urban Development Action Grants (UDAG), Economic Development Administration (EDA), and Ark-Tex Regional Development Company (SBA 504).

E. Cooperate in efforts to compile a Directory of Services for Northeast Texas agencies, entities and programs on community/economic development.

III. RESPONSIBILITIES: The parties agree to carry out the following responsibilities, thereby enhancing and facilitating their joint effort.

A. NTCC will continue to provide research facilities and academic/technical expertise and advice through on-campus faculty and staff for community/economic development activities.

B. NTCC will continue to provide meeting rooms and dining facilities for all activities especially for community/economic development activities.

C. NTCC and ATCOG will conduct joint planning for economic/community development, which will include model and innovative approaches.

D. NTCC and ATCOG will provide joint technical assistance and seminars for cities, counties, business and industry in Northeast Texas.

E. NTCC and ATCOG will each designate a person to provide technical assistance in the development and implementation of community/economic development programs.

IV. MEETINGS: Representatives from NTCC and ATCOG will meet at least once each quarter to assess progress in the activities conducted under this agreement and to propose any additional actions which might improve the provision of working together toward community/economic development advantages.

A. In order to foster coordination NTCC will provide ATCOG with Monthly Status Reports of all community/economic development programs.

B. Representatives of each party to this agreement may be invited to staff meetings of the other to provide information concerning the services available.

C. NTCC will submit community/economic development program applications to ATCOG for informational purposes under the Texas Review and Comment System (TRACS).

Agreed to and executed this _____ day of __________ 1988.

NORTHEAST TEXAS COMMUNITY COLLEGE
By Wayland DeWitt
Dr. Wayland DeWitt
President

ARK-TEX COUNCIL OF GOVERNMENTS
By ______________________________
James D. Goerke
Executive Director

Editors note: Agreement has been presented to ATCOG for approval and execution.

Appendix R:

SAMPLE NONFINANCIAL AGREEMENT BETWEEN PRIVATE INDUSTRY COUNCIL AND NORTHEAST TEXAS COMMUNITY COLLEGE

SAMPLE

Northeast Texas Community College
and
Ark-Tex Private Industry Council
Non-Financial Agreement

This NON-FINANCIAL AGREEMENT is entered into this _____ day of ______________, 1988 between Northeast Texas Community College (NTCC) and the Ark-Tex Council of Governments (ATPIC).

I. PERIOD OF AGREEMENT: This agreement becomes effective on the date signed and will continue in effect from the signed date through _______________, 1989, unless amended by either party and in accordance with subsequent agreement by both parties.

II. PURPOSE OF AGREEMENT: The purpose of this agreement is to:

A. Establish guidelines for a cooperative working relationship in publicizing the Business and Industrial Development Center's activities including procurement, small business development and economic development.

B. Coordinate resources and sharing of information with clients and prospects of the JTPA program activities which will help maximize participation in existing and start-up businesses.

C. Recognize that the Ark-Tex Council of Governments is a local affiliate of the State Data Center and the U.S. Census Bureau for providing census information and that a cooperative effort is needed to improve existing databases and its usefulness for economic development.

D. Cooperate and participate in efforts to secure funding for the public and private sector economic and community development programs through Texas Capital Access Program (TEXCAP), Texas Community Development Program, the Job Training Partnership Act, Urban Development Action Grants (UDAG), Economic Development Administration (EDA), and Ark-Tex Regional Development Company (SBA 504).

E. Cooperate in efforts to compile a Directory of Services for Northeast Texas agencies, entities and programs on community/economic development.

III. RESPONSIBILITIES: The parties agree to carry out the following responsibilities, thereby enhancing and facilitating their joint effort.

A. NTCC will continue to provide research facilities and academic/technical expertise and advice through on-campus faculty and staff for community/economic development activities.

B. NTCC will continue to provide meeting rooms and dining facilities for all activities especially for community/economic development activities.

C. NTCC and ATPIC will conduct joint planning for economic/community development, which will include model and innovative approaches.

D. NTCC and ATPIC will provide joint technical assistance and seminars for cities, counties, business and industry in Northeast Texas.

E. NTCC and ATPIC will each designate a person to provide technical assistance in the development and implementation of community/economic development programs.

IV. MEETINGS: Representatives from NTCC and ATPIC will meet at least once each quarter to assess progress in the activities conducted under this agreement and to propose any additional actions which might improve the provision of working together toward community/economic development advantages.

A. In order to foster coordination NTCC will provide ATPIC with Monthly Status Reports of all community/economic development programs.

B. Representatives of each party to this agreement may be invited to staff meetings of the other to provide information concerning the services available.

C. NTCC will submit community/economic development program applications to ATPIC for informational purposes under the Texas Review and Comment System (TRACS).

Agreed to and executed this _____ day of __________ 1988.

NORTHEAST TEXAS COMMUNITY COLLEGE	ARK-TEX PRIVATE INDUSTRY COUNCIL
By Wayland DeWitt	By ______________________
Dr. Wayland DeWitt President	Jim Smith Chairman

Editors note: Agreement will be presented to ATPIC at their July 1988 meeting for approval and execution.

Appendix S:

SUGGESTED QUESTIONNAIRES FOR NEEDS SURVEY AND COMMUNITY EVALUATION

COMMUNITY EVALUATION

I. COMMUNITY ATTITUDE AND APPEARANCE (What type of community do you have?)

COMMENT(S) ______________________________

____

____

1. Is the attitude of your citizens favorable to new industry?

   Yes ___ No ___

2. Is your city government providing good service:

   Yes ___ No ___

3. How good is your police and fire protection?

   COMMENT(S) ______________________________

   ____

4. Have most of the businesses in the downtown area remodeled?

   Yes ___ No ___

5. Do you have an active chamber of commerce?

   Yes ___ No ___

6. Are you trying to beautify your community?

   Yes ___ No ___ How? ______________________________

   ____

   ____

7. Are the health and sanitation facilities adequate?

   Yes ___ No ___

8. Do you have enough recreation facilities?

   Yes ___ No ___

9. Are the majority of your streets paved?

   Yes ___ No ___

10. Is adequate housing available?

Yes ___ No ___

11. Does your city have a long range master plan?

Yes ___ No ___

12. Describe your zoning pattern.

____

____

____

13. Is your city's bonded indebtedness in line with the assessed valuation?

Yes ___ No ___

14. Are your educational facilities adequate?

Yes ___ No ___

15. Is your school system providing a complete curriculum?

Yes ___ No ___

II. RESEARCH AND ANALYSIS (What do you know about your community?

COMMENT(S) ____

____

____

1. Have you published a Texas Economic Development Community "Community Profile"?

   Yes ___ No ___

2. Do you have basic data about your community including information on the following:

   ° General description of your community Yes ___ No ___

   ° Living Conditions Yes ___ No ___

   ° Business and industries Yes ___ No ___

   ° Transportation Yes ___ No ___

   ° Taxation and indebtedness Yes ___ No ___

   ° Laws and regulations concerning industry Yes ___ No ___

   ° Market potential Yes ___ No ___

   ° Labor supply Yes ___ No ___

   ° Raw materials and natural resources Yes ___ No ___

   ° Climate Yes ___ No ___

3. Do you have all the facts and figures it takes to sell your community to a prospect?

   Yes ___ No ___

4. Do you have this data in a presentable form?

   Yes ___ No ___

5. Are the members of your industrial committee familiar with this information?

   Yes ___ No ___

6. Is the information up-to-date, true, and accurate?

   Yes ___ No ___

III. INDUSTRIAL FINANCING (Do you have money available for industrial purposes?)

1. Have you organized an industrial foundation and industrial development authority?

   Yes ___ No ___

2. Have you read the Texas Economic Development Commission's publication "Operating and Organizing Industrial Foundations in Texas"?

   Yes ___ No ___

3. Do you have a working knowledge of the following financing facilities:

   ° Commercial Banks Yes ___ No ___

   ° Mortgage Banks Yes ___ No ___

   ° Insurance Companies Yes ___ No ___

   ° Pension Funds Yes ___ No ___

   ° College & University Endowments Yes ___ No ___

   ° Internal Revenue Service Ruling Yes ___ No ___

   ° Small Business Administration Loans Yes ___ No ___

4. Have you fully explored and developed all possible sources of risk capital (for prospect reference) in your area?

COMMENT(S) ______________________________

____

____

IV. SITES AND BUILDINGS (Do you have some place to put an industry?)

Yes ___ No ___

1. Is there industrial property available in your community?

COMMENT(S) ____________________

____

2. Is this property really suitable for industry or is it just property for which you can find no other use?

COMMENT(S) ____________________

____

3. Do you have a firm price commitment from the property owner?

Yes ___ No ___

4. Will the land be sold, leased, or given away?

COMMENT(S) ____________________

____

____

5. Are utilities available on the site:

° Electricity Yes ___ No ___

° Natural Gas Yes ___ No ___

° Sewerage Yes ___ No ___

° Water Yes ___ No ___

6. If the utilities are not now available, can they be extended to the property economically?

Yes ___ No ___

7. If the utilities can be extended, who will pay for the extension?

COMMENT(S) ____________________

____

8. Is there a paved access road to the site?

Yes ___ No ___

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9. How near is the site to a highway?

Miles: ______

10. Are the soil conditions on the property suitable for construction?

COMMENT(S) ____

____

11. Will the site drain properly?

Yes ___ No ___

12. Is there a possibility of the site flooding?

Yes ___ No ___

13. Will there be additional expense for grading, clearing, and etc.

Yes ___ No ___

14. Are the property lines well defined and staked off?

Yes ___ No ___

15. Do you have site form prepared on each of your sites?

Yes ___ No ___

16. Do you have pictures of the site:

Yes ___ No ___

17. Do you have a topographical map of the site?

Yes ___ No ___

18. Do you have a sign on the property designating it as an industrial site?

Yes ___ No ___

19. Have you taken an inventory of all vacant buildings that are available for industrial use?

Yes ___ No ___

20. Do you have the same data on the buildings as you have on the sites?

Yes ___ No ___

21. Have you provided TEDC with an inventory of existing industrial buildings.

Yes ___ No ___

V. PROMOTING & PROSPECTING (Do you know how to find industries that are looking for a location?)

Yes ___ No ___

1. Have you contacted all your existing industries and offered them your assistance?

   Yes ___ No ___

2. Have you done everything possible to help your existing industries grow and expand?

   Yes ___ No ___

3. Do you participate in Business and Industry Appreciation Week?

   Yes ___ No ___

4. Have you provided a systematic program to give people with ideas for manufacturing operations a chance to explain their plans?

   Yes ___ No ___

5. Have you tried to help the people with good ideas establish an operation?

   Yes ___ No ___

6. Do you have a copy of the Directory of Texas Manufacturers?

   Yes ___ No ___

7. Have you contacted industries in Texas which have growth potential?

   Yes ___ No ___

8. Who are your allies?

   ° Electric Utilities Company List: ______________________

   ° Gas Company List: ______________________

   ° Telephone Company List: ______________________

   ° Railroad List: ______________________

   ° Area Chamber of Commerce List: ______________________

   ° Banks with industrial development departments-List: ______________________

   ____

9. Do you know the professional industrial development personnel associated with your allies?

   Yes ___ No ___

10. Do you contact them to inform them of your developments and to see if they have a prospect to fit into your local situation?

Yes ___ No ___

11. Have you invited them to your community in the last year?

Yes ___ No ___

12. Have you provided the Texas Economic Development Commission with a copy of all your publications and brochures?

Yes ___ No ___

13. Do you have available publications which will give pertinent information about any prospect you may get?

Yes ___ No ___

14. Do you have a source to receive Dunn & Bradstreet reports on your prospects?

Yes ___ No ___

15. Have you made your citizens aware of industrial development so they will pass rumors of new plant locations on to you?

Yes ___ No ___

16. Do you have a group of local leaders trained that will be able to call on a prospect and provide him with the information he needs to make a decision on a plant location?

Yes ___ No ___

17. Have you convinced your citizens that industrial development is a long range program and that results cannot be expected in a short period?

Yes ___ No ___

18. Have you explored other fields of economic development such as agriculture, tourism, and downtown revitalization to see if your organization can help in the growth of these activities?

Yes ___ No ___

Rate Your Community

How do you rate the following aspects of your community?
Place a checkmark in the appropriate box.

	Good	Satis-factory	Poor	No Opinion
1. General appearance of downtown				
2. Adequacy of shopper parking				
3. Availability of retail items				
a) clothing				
b) medicine				
c) hardware				
d) groceries				
e) lumber				
4. Availability of family restaurants				
5. Local retail prices compared to other communities in the area				
6. General attitude of retail clerks				
7. General attitude of local merchants toward				
a. encouraging farmers' trade				
b. advertising and sales information				
8. Availability of				
a. doctors				
b. dentists				
c. lawyers				
d. plumbers				
e. electricians				
f. builders				
g. mechanics				
9. Local organizations' efforts to better your community				
10. Availability of needed financial services				
11. Appearance of most homes in the community				
12. Condition of the streets				
13. Vacant lots in the community kept mowed and free of rubbish				
14. Adequacy of school facilities				
15. Local school curriculum				
16. Relationship between the community and the school staff				
17. Availability of suitable mobile home park				
18. Use of school facilities for community programs, recreation, meetings, etc.				
19. Recreational facilities and programs in the community for				
a. school-age children				
b. adults				

Appendix T:

SAMPLE OUTLINE FOR REVITALIZATION PROGRAM

SAMPLE

Plan for Revitalization

1. Networking - To coordinate action and avoid duplication.

   Representatives from:

   A. Banks
   B. Cities - Mayor/Council
   C. School - Board Member Superintendent
   D. Chamber of Commerce
   E. Utilities
   F. Neighborhood Representatives
   G. Major employers
   H. County Judge
   I. Community College

2. Define roles and agree to commitments.

3. Define a comprehensive economic development plan.

4. Define strengths and weaknesses.

5. Inventory:

   A. Work Force
   B. Utilities
   C. Raw Materials
   D. Transportation
   E. Education
   F. Real Estate

6. Plan community growth.

7. Design a plan for financing resources.

   A. Players
   B. What loans?
   C. Who?

8. Community college will find available financial and technical assistance from federal, state and foundation resources.

9. Examine city/county planning and zoning requirements.

10. Develop an ongoing business retention program.

11. Initiate a business retention program.

12. Encourage local businesses to buy from each other.

13. Encourage suppliers to locate in the community.

14. Make compacts with surrounding cities, chambers and counties using community college as a nucleus for initiating the efforts.

15. Explore international marketing and federal procurement opportunities through community college.

16. Develop and initiate an overall plan for growth, i.e. city/county 2000: A Goals Program.

17. Leadership workshop.

Appendix U:

RURAL RESOURCES:

A HOW-TO-GUIDE FOR RURAL DEVELOPMENT ASSESSMENT (FISHER COUNTY, TEXAS)

Prepared by:

Gregory L. Wortham

for

The Honorable Steven A. Carriker
Texas House of Representatives
P.O. Box 517
Roby, Texas 79543

Published by:

The Texas Department of Agriculture
P.O. Box 12847
Austin, Texas 78711

January 1988

The decline of America's family farms and the rural communities that depend on them is not an inevitable process. Farmers, ranchers and their neighbors in town can work together to take charge of their own destiny and to plan for future growth in even the smallest of agricultural communities.

The citizens of Fisher County, Texas know this to be true because they have done it using very limited resources. The citizens created a countywide economic development commission to deal with growth issues on a regional basis, and developed a community audit model that costs virtually nothing to implement.

This process made extensive use of free assistance available from a variety of public and private development agencies, from the Texas Department of Agriculture to Southwestern Bell Telephone Company. It involved considerable volunteer efforts on the part of our citizens, including 150 people who agreed to participate in a series of intensive interviews designed to reveal our strong and weak points and our ideas for future development projects.

We have used the results of this process to set priorities for our future development efforts and to seek further assistance in making our plans into reality.

This booklet describes the process that we developed and shows how it may be adaptable to the planning needs of other rural communities. We sincerely hope that it will be as useful to you as it was to us.

Best regards,

Steven A. Carriker

Steven A. Carriker
State Representative

THE RESOURCE TEAM PROCESS

Taking stock is one of the most basic tools available to a small business in its efforts to improve its profitability. In the same way that a business takes an inventory of its stock and sales performance to project future profits, a rural community can take stock of its development assets to project its prospects for future growth.

One way to take stock is to audit the community's features and develop a balance sheet of positive and negative factors affecting potential growth. Another way is to compile a list of projects that the community can undertake to improve its growth prospects.

The community audit permits the combination of both strategies through a comprehensive assessment process in which a panel of outside experts and members of the community share their views on the community's prospects.

The focal point for a rural development community audit strategy is the resource team concept. The resource team approach draws on the expertise of various institutions committed to rural development, pooling their perspectives in an intensive, simultaneous on-site evaluation of development prospects in a specific project area. The resource team allows maximum input from participating agencies, flexibility for local needs, and participation by county residents in providing direction to development efforts.

The rural resource team concept is adapted from the consulting panel groups of the International Downtown Association and the resource teams of the Texas Main Street Project. These groups provide development advice to central business districts in communities ranging in population from 1,900 to more than 1,000,000. Resource panels in the Main Street Project bring together experts in such fields as architecture, promotions, tourism, transportation, and other relevant subject areas to establish a plan of action for the revitalization of retail trade districts in smaller communities.

The rural project adapted from this process was first used in Fisher County, Texas, in November of 1987. Located in West Central Texas, Fisher County has a population of approximately 5,800 residents and a land area of 897 square miles. The county economy is primarily based on agriculture, with gypsum milling as an important second industry. The county has two major communities; Rotan (population 2,273) and Roby, the county seat (population 898).

On the basis of characteristics of Fisher County, the community audit project made use of a resource team with the following participants: Texas Department of Agriculture, Texas Agricultural Extension Service (Texas A&M University), National Rural Electric Cooperatives Association, Southwestern Bell Telephone Company, U.S. Farmers Home Administration, and West Texas Utilities.

A nine-member panel representing these agencies spent four days in Fisher County. Panel activities included site visits and interviews with more than 150 county residents. A dozen discussion panels were formed from the 150 residents divided according to communities of interest. For example, the County Economic Development Commission members formed one panel, the city commissions of Rotan and Roby another, the members of the county's business community another, and so on.

The first day of the project for resource team members in Fisher County was devoted to a review of economic data furnished by West Texas Utilities and a guided tour of the county conducted by State Representative Steve Carriker of Roby and the County Agent Richard Spencer, also of Roby.

On the second day, resource team members interviewed the different panels in a series of tightly scheduled discussions aimed at soliciting comments on the county's development assets and liabilities as well as any ideas for community development and economic development projects.

The third day was devoted to resource team site visits to major employers and a review of the information presented during the previous discussions. From this review a detailed outline was developed which was used in a preliminary oral report by resource team members delivered the following day to the citizens of Fisher County. The report served as an outline for a more detailed written report which was published jointly by the Texas Department of Agriculture and the Fisher County Economic Development Commission in January of 1988.

A strategic planning session for county leaders was directed by the Texas Agricultural Extension Service in Roby the week that the written report was presented. Following this session, six community task forces were appointed by the Fisher County Economic Development Commission to pursue development of agribusiness projects, hunting resources, retirement community resources, tourism resources, community development projects, and health care resources.

A follow-up resource team on rural health care has been scheduled for April 1988 in Fisher County.

PREREQUISITES TO RESOURCE TEAM ACTION

Before drawing together a resource team and expending the effort necessary to conduct a successful audit, project areas should meet certain prerequisite conditions for a successful project. In order to make the best use of the expertise of the visiting resource team, members of the community need to pull together basic economic data about their community for use by team members. Such data are readily available from many local sources, ranging from local school districts to tax assessor-collectors to utility companies. Many utility companies gather such data as a community service. Nearby colleges and universities often maintain data on economic activity, as do state and federal agencies. In rural areas, federal agencies such as branch offices of the Agricultural Stabilization and Soil Conservation Service may have substantial data available on agricultural economic activity. In the state capital of Austin, the Comptroller of Public Accounts collects economic data about individual communities through the analysis of tax receipts, while other agencies such as the Texas Water Commission maintain data bases on natural resource production.

All of these sources may provide economic data for little or no cost. Most information is readily available as a matter of public record. Collecting this data will prove useful not only to a community audit project, but will also be useful in economic development projects as varied as industrial recruiting efforts, loan applications and the writing of grant proposals.

Another key prerequisite to a successful community audit is the advance cooperation and coordination of various members of the community. Since a community audit relies on the intensive use of a panel of experts for a very short time, it is necessary to secure the cooperation of the community for such a project well in advance. A large number of people representing different institutions in the community must be assembled and must be willing to speak frankly about their community to the visiting experts.

If the audit is to be used in a meaningful way, the community must also possess civic groups and individuals who can pursue the resource team's recommendations once the audit process is completed.

The preliminary gathering of data and planning of discussion panels took two months in the case of Fisher County and should take a similar amount of time in other communities, since careful preparation is the key to the success of the community audit process. Resource team members should have adequate time to review available economic data before coming to a community for an audit project.

One model for the coordination of community economic development efforts in a rural area is the Fisher County Economic Development Commission, which was organized in May of 1987 under the terms of state law. The 11-member commission was organized and appointed by the Fisher County Commissioners Court. The commission provides an official stamp of approval for development projects, and serves as a forum for different community and civic organizations that have undertaken development projects. The commission also sponsors development projects such as the community audit.

The commission provides a valuable prototype for community involvement in economic development through its membership. Ex officio members include the county's congressman, state senator and state representative. The appointed members of the commission are drawn from local government, the schools, the business community and church and civic groups. Participation by elected officials gives the commission access to development experts from state and federal agencies, since the ex-officio members provide assistance in putting together the resource team by inviting public agencies to send their development experts.

The commission's membership reflects a balance of interests from the different communities in Fisher County, as well as some individuals who do not represent formal institutions, but who are known for their civic activities and leadership abilities.

Similiar commissions could be created in other Texas counties under the terms of state law.

AVAILABLE RESOURCES

Every rural community has access to a wide range of sources for resource team participants. Those charged with the responsibility of planning a community audit should draw on the assistance of those public and private agencies with expertise that would be relevant for the needs of the particular community.

Rural electric cooperatives, for example, have a commitment to rural development and have access to a national information network of development materials and data. Participation by a local cooperative in a resource team would give a community access to this national expertise. State agencies can be valuable participants, offering expertise in marketing, economic development, retailing and alternative crop or product development. Persons planning a community audit should consider contacting state agencies through their state senator or representative. State agencies involved in rural development in Texas include the Texas Department of Agriculture, Texas A&M University Extension System, Texas Historical Commission (The Main Street Program), Texas Department of Commerce, Texas State Technical Institute, and a number of state universities and junior colleges.

Agencies with a commitment to rural development should be sought, along with assistance from those agencies that have expertise in a broader range of areas such as health care, transportation, recreation, tourist development, and natural resource development that would be useful to a development audit.

Assistance from federal agencies should also be sought through the nearest congressional or United States Senate office, or directly if circumstances warrant. Federal resource team participants may be from Washington offices, but will more likely be from regional or state offices of federal agencies. Once again, it is advisable to seek assistance from those agencies whose missions are most directly related to rural development. Some examples might include the United States Department of Agriculture, United States Department of Housing and Urban Development, and the United States Department of Commerce.

Regional government agencies should also be included where applicable. In Texas, for instance, these exist as councils of governments, multi-county technical assistance centers for local governments. Some areas may have regional development commissions, and these agencies should be contacted directly.

Private utilities are a valuable resource for community development assistance in rural areas. These corporations generally have district economic development personnel who are already familiar with a particular county. These companies include telephone companies, electric utilities, and natural gas utilities.

Regional universities and local community colleges should also be included where applicable. Many universities have community development centers and business development centers well suited to local projects. Graduate programs in business and public administration and related fields often offer opportunities for qualified students to gain practical professional experience through internship and co-op programs with local governments. These programs make qualified students available for technical assistance to rural development projects.

These suggested sources of resource team participants represent only a few of the many sources of technical assistance available free or at very low cost to rural development projects. A local development project should carefully assess its needs in order to determine the right mix of technical expertise before soliciting personnel for a resource team project.

SELECTING THE RESOURCE TEAM

The size of the resource team should depend on the population and complexity of the project area. However, the development project should strive to develop a resource team with from five to 10 panelists. The minimum of five team members allows for a variety of perspectives and a valuable interaction among the participating agencies during the resource team schedule. The maximum of 10 will help the development project staff to maintain logistical coordination over the resource team process.

Once the development project has completed an evaluation of the available sources of resource team participants and the desired size of the team, the project should determine which types of expertise would be most effective for the project area. For example, a five-member resource team should not be composed of five transporation planners or five industrial recruiters. A balance should be sought based on the realistic options available to the area, while being careful not to limit the area's development options at this early stage. A typical resource team might consist of the following specialties:

*Rural development (general options)
*Transportation (highways, railroads, rivers)
*Economic development (possibly related to a major area industry such as agriculture or mining)
*Rural health care
*Project finance (expertise on available sources for local, state, and national funding for recommended projects.)

Because the aim of the resource team assessment is to present practical recommendations that complement existing assets, the resource team should be more heavily drawn from agencies or other entities tied to the local area's major industries.

The development project should also seek a varied array of geographic perspectives. Some resource team members should be familiar with the local area, others with development successes and failures throughout the state. Resource team members with multi-state experience could be valuable additions to specific projects, as well as participants with a national perspective. The interaction between experts with these different perspectives will be much more helpful to the project if the resource team is studying development projects from many angles.

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FUNDING THE RESOURCE TEAM PROJECT

The development project should first seek to have the resource team process funded by the participating agencies. Under this approach, each agency would fund the costs of its employee's participation in the resource team. Costs would include: value of the employee's time spent in the community, travel, lodging, and meals. As a general rule, agencies that are willing to participate should also be willing to fund their costs. The largest cost to the agency will be the value of its employee. If agencies are willing to fund their own costs, the development project should make every effort to reduce those costs where possible. For example, the project should provide transportation from airports, meals, workspace and other relevant cost-reducing services.

If agencies are unable to fund all costs, the development project should seek local funding as a supplement or substitute for agency funding. Local sources might include the county and city governments, civic groups, and the local business community.

More extensive funding for the resource team process may be sought from interested state agencies or private foundations. The availability of these sources will vary from county to county and should be considered only after appeals for agency and local funding have been unsuccessful.

THE RESOURCE TEAM SCHEDULE: GENERAL OVERVIEW

Careful attention should be paid to the duration and activities of the resource team schedule. A four-day assessment is an optimum period for most projects. A longer period may make it difficult for an agency to release needed personnel. A shorter period would not afford the team time to gather adequate information and impressions of a project area and would limit access to the local community by team members.

We recommend that the resource team begin its work on Monday and conclude on Thursday afternoon. Local conditions may warrant different schedules as needed. The resource team visit should be at a time of year when moderate temperature and fair weather are likely to prevail. This will allow team members maximum access to the project area.

Recommended resource team activities will be considered in greater detail in the next section, but a rough schedule should conform to the following pattern:

Day 1 (Monday):

*Team members begin to arrive at midday.

*An informal lunch follows to allow team members and core project group organizers to get to know each other.

*A general familiarization tour for resource team members of the project area is conducted by the sponsors.

Day 2 (Tuesday):

*The resource team conducts interview panel discussions with project area officials, business community leaders, civic group leaders, community groups.

Day 3 (Wednesday):

*Resource team members discuss specific project ideas raised during panel discussions.
*Resource team members work on outline of report to project personnel.

Day 4 (Thursday):

*Morning: Final preparation by team members for the report to the community.
*Early afternoon: Oral report of resource team members to the project area community.
*Late afternoon: Resource team departure from the community.

The development project staff may find it advantageous to have a dinner on the first evening to allow resource team members to meet local residents. Beginning on the second day, resource team members will be on a fairly tight schedule for the remainder of their time in the community, so it would be advisable to keep receptions, luncheons and other social events to a minimum in order to use both resource team and project staff time most efficiently.

DAY ONE: GETTING TO KNOW THE PROJECT AREA

The first day should consist of activities designed to give the resource team members a better understanding of the project area in as relaxed a fashion as possible. Resource team members will have to travel to the project location from the state capital, Washington, D.C., or some other location. The morning should be set aside for arrival of team members. The project staff should plan to meet members at the nearest airport, and a central meeting place in the project area should be provided for those arriving by ground transportation.

An informal gathering of project staff and resource team members should be arranged during the afternoon, for example a late lunch. This will permit late arrivals time to reach the central meeting place and will allow project participants time to get to know each other.

A tour of the project area should be provided during the afternoon to familiarize project participants with the physical layout of the territory. The team will gain insight into the geographic relationship between the area's communities, major employers, transportation routes, and other important features. The project staff should strive to use the smallest possible number of vehicles as practical on this tour in order to encourage maximum interaction by team members and project staff. Tour drivers should be knowledgeable area residents who are able to respond to the resource team's inquiries about the project area. The entire afternoon should be alloted for the project area tour.

The subsquent work of the resource team will be framed by the view of the project area gained during the tour. For this reason, the tour must be extensive enough to give the team a full sense of the resources available within the project boundaries. The resource team should see the negative as well as the positive features of the project area in order to perform a realistic evaluation of the project.

Any "welcome" dinner, reception, or other public event to mark the resource team project should be held on the first evening. An intensive work schedule begins the following morning, and it should not be interrupted by formal public events. If a first evening event is planned, it should include those who will be interviewed by the resource team the following day. This event might be a way to include ex-officio project members, such as state legislators, congressmen, or representatives of civic organizations, as keynote speakers. When planning this event, please be aware that resource team members have been traveling most of the day and that they have a hard week ahead of them.

DAY TWO: THE INTERVIEW PROCESS

The second day will be devoted to interviews from about 8 a.m. to 6 p.m. The interview process is the primary means by which the resource team will understand the commitment of project area residents to carry out development projects. The team will use these interviews to gain an understanding of past trends, current conditions, and development potential in the project area. Careful attention should be paid to who is interviewed and where the interviews should take place.

WHO SHOULD BE INTERVIEWED?

The interviews should provide a comprehensive overview of the project area and should be organized on the basis of the special characteristics of the area. For instance, the Fisher County resource team interviewed approximately 150 residents representing a wide range of community interests. These interviews served two purposes: (1) to provide input to the resource team and (2) to renew a dialogue within the project area among crucial development groups.

The interviews should take place in an atmosphere that is as comfortable and confidential as possible. The entire resource team should be present and involved with each interview group. While group interviews are necessitated in most instances by the sheer number of residents with which the resource team needs to meet, specific information may need to be kept confidential to guarantee the most honest discussion between the resource team and the interviewees. The presence of development project members and other local residents should be minimized in groups with which they are not directly associated.

The categories of interview subjects included below will provide an understanding of the breadth of groups to be scheduled for the resource team.

COUNTY GOVERNMENT

Because the resource team process focuses on area-wide development, it is critical to begin with the county governing body, such as the commissioners court and the county judge. The views of the county commissioners will set the tone for the resource team evaluation and may determine the boundaries for future development.

INDUSTRIAL COMMISSION

The resource team should hear many creative ideas from the industrial commission, economic development commission, or similiar private or public-private development agency or agencies within the project area, and team members can use these ideas throughout the subsequent interview process to stimulate additional concepts from other local residents. The resource team will depend on the commission members for honest, realistic assessments of project area conditions and prospects.

MUNICIPAL GOVERNMENTS

Municipal governments will also play a crucial role in making development plans work; therefore, the resource team should meet with city councils or commissions, city managers, or other governing officials. If a county has more than one community with a council, it will be most effective to meet with each municipal government separately. This confidentiality will encourage more honest responses to resource team inquiries. If a county has several communities with their own governments, it may not always be practical to schedule separate council interview panels. In that case a panel of several municipal governments may be necessary.

CHAMBERS OF COMMERCE

Directors or staff of any organzied chambers of commerce should be interviewed. The most favorable situation would be a single area-wide chamber of commerce discussion. Many counties will have chambers of commerce in some communities and not in others. The chamber of commerce is an important source of information on local economic conditions and future development prospects and should be included in a panel discussion.

BANKERS

The resource team needs to understand the availability of capital for local development projects. It is important that the team be familiar with the fiscal condition of local banks, the attitude of the bankers toward the contemplated development program, and the relationship between local banks and regional banks. Due to the small number of banks in many rural communities, the resource team interview group may provide a valuable opportunity for the community's bankers to meet in the same room and discuss common challenges face to face. Like other interview groups, the meeting may encourage the bankers to meet on a more regular basis in the future as the development project moves into a more active phase.

MAJOR EMPLOYERS

The resource team should meet with specific major employers in separate interviews. For example, a primarily agricultural community may have a light manufacturing facility which employs 200 workers. The resource team will need to be aware of the unique role of this employer, the future stability of the facility, and the possibility of related businesses which could be developed in the project area. Unique characteristics of particular counties will govern the size of businesses to be considered as major employers and the number of interview slots to be allocated to this economic category.

CIVIC GROUPS

Civic groups are an active component of many rural areas, and they are an important vehicle for encouraging community participation in the development process. An interview session should be conducted with officers of these groups. Depending on local conditions, relevant groups may include service organizations such as the Jaycees or the Lion's Club, trade unions, veterans' organizations and others. The number and relative degree of participation of these organizations in community life will determine the amount of interview space devoted to this category, as well as the number of representatives invited from each organization.

SCHOOL OFFICIALS

Superintendants, school board members, teacher representatives, or other officials from each school system in the county should be interviewed as a group. The quality of local schools is a vital determinant of development options, and school systems often are the largest nonagricultural employers in many rural counties. School enrollments and local school tax burdens are important considerations in the dynamics of most rural counties.

HIGH SCHOOL STUDENTS

Rural areas face a continuing challenge in the loss of their most talented young people immediately after high school graduation. This rural "brain drain" is a significant component of the rural development agenda. Interviews with a group of student leaders from the project area's high schools will provide the resource team with critical insight into recommendations for immediate community improvements.

RETAIL BUSINESSES

The retail trade sector can give the resource team a quick view of the health or frailty of the local economy. The retail interview group should include representatives from the major communities, and the group should cover a variety of business types. The large number of retail businesses in any county presents a special challenge in structuring this group. This may well be the largest interview session, but the project staff should be careful not to make this group too large to be effective. The project staff should seek a representative group of businesses and not attempt to inlcude every business in the project area. The primary challenges faced by the retail sector should be common to many members of the business community, so that the resource team will learn a great deal from a selected group of merchants.

MAJOR ECONOMIC INTERESTS

This is a vital portion of the interview schedule and will likely take several interview sessions. A primary objective of the resource team process is to present realistic recommendations which build on the existing economic base; therefore, the resource team should have a thorough understanding of the conditions of the dominant economic sectors. Interview groups in this category might include trade groups, primary producers, processing industries, regulatory agencies, and others.

Specifically, interviews in an agricultural area would include farmers, federal and state agricultural agencies, commodity processors, farm interest groups, and rural service organizations. Interviews in a timber producing region might include the staff of paper mills, logging companies, trucking firms, forest service agencies and other related organizations.

MINISTERS

Religion plays a dominant role in many rural areas. An interview session with a group of ministers will help the resource team to understand critical elements of community life. The number of local churches may well prohibit including all ministers in the interview group. If this is the case in a particular project area, it is important that the project staff include ministers from a variety of denominations and adequately represent the various communities in the county.

HEALTH CARE

Hospitals, clinics, nursing homes, ambulance services, and other forms of health care are a valuable component of rural life. Many rural areas are facing an increasingly difficult challenge in maintaining adequate quality health care services. These services are important in sustaining development projects. The project staff may want to set aside more than one interview session for health care issues. Some persons in this category whose opinions would be of great value would be hospital board members, hospital administrators, physicians, emergency personnel, and other care providers.

SENIOR CITIZEN GROUPS

The aging population of many rural areas will require the resource team to address the services available to active and homebound retired residents. Persons in these interview sessions might include directors of senior citizen centers, rural transportation supervisors, public housing directors, nursing home administrators, senior citizen group representatives, and other organizations.

OTHER INTERVIEW TOPICS

The sections above should stimulate ideas about the groups in the project area which would be critical to a successful resource team process. The unique characteristics of particular project areas play a most obvious role in the organization of the interview schedule. The project staff should carefully assess the local interests which are vital to future development in the project area. These interests should be adequately represented in the interview schedule. The special challenge of the interview day is to include all relevant groups, make sure that the groups are representative, keep the groups to a manageable size, and maintain the day's tight schedule.

WHERE SHOULD THE INTERVIEWS BE HELD?

Due to time constraints, most interviews should be held at a central location. The chosen facility should have adequate meeting space to provide a comfortable setting for the lengthy interview day. Depending on the number of communities in the county, the project staff may choose to have the morning session in one community and the afternoon session in another. If there are several similiarly sized communities in the county, the project staff may decide to hold all interviews in a single location, such as the county seat or a centrally located community. The project staff should be conscious of balancing interview sessions among as many different communities as possible.

On-site interviews should be scheduled for certain interview sessions. These site visits will supplement the brief area tour conducted on the first day and will provide a welcome relief from the intense indoor interview schedule of the rest of the day. Some candidates for site interview sessions might include major employers, hospitals, major community facilities, and other relevant locations. Important considerations in scheduling on-site interviews should include travel distance and other time constraints, the importance of the site in community life, and the uniqueness of the site. The full interview schedule places a necessary constraint on the use of site visits. Nevertheless, site visits are an effective means of giving resource team members a fuller understanding of the project area.

DAY 3: TEAM FOLLOW-UP

The third day should be unstructured, with the resource team using the time for further investigation of projects discussed during the interview sessions and site visits. A facility should be chosen for resource team work sessions to discuss the progress of the report and to analyze specific project suggestions. Community centers, electric cooperative offices, courthouse meeting rooms or other suitable facilities that provide adequate workspace would be appropriate. The resource team should have access to telephones, typewriters, photocopy machines and other office equipment. Adequate electric outlets should be available for portable computers, tape recorders, and other equipment team members might bring for their own use.

Some team members may want to conduct additional interviews or meet again with persons interviewed the previous day. Some panelists may choose to visit sites of potential development projects in the county. The project staff should be ready to accommodate the resource team's requests on this day, assisting with transportation, clerical duties, assembling interview groups, or other needs on short notice.

Most of the resource team will spend the day focusing on the dozens of ideas expressed during interview sessions and organizing them into concise and realistic recommendations. This work day will be the first organized opportunity for the entire resource team to discuss the conditions of the project area, the development ideas expressed by project area residents, and the suitability of various development prospects for the particular community being studied. This opportunity will show the value of a diverse and experienced panel of resource team members. Their varied perspectives will enable them to assess local conditions and potential in light of development successes and failures in other rural areas throughout the country.

The work day discussions will gradually resolve into a final set of recommendations to be reported to the community the following day. All panelists should contribute to these discussions for the most effective resource team process. The resource team participants will link potential projects with private, state, and federal development initiatives with which they are familiar. Again, the diversity of the resource team will enhance the value of the final recommendations.

DAY 4: PUBLIC REPORT OF PRELIMINARY FINDINGS

The fourth day will complete the on-site phase of the resource team process in the project area, culminating in the delivery of an oral report of preliminary findings to the community in the early afternoon. The resource team should spend the morning finalizing the recommendations, organizing the recommendations into written form, and assigning parts of the presentation to each participating resource team agency. The project staff should provide clerical assistance to assure smooth preparation of the public report.

The public report will consist of a list of preliminary recommendations, which will be more extensively developed by the participating agencies in a written report some weeks after the public presentation. The public report should be in a form presentable to area media, the public and the project sponsors. This rough draft will provide an initial indication of what projects the project sponsors can undertake between the release of the preliminary report and final receipt of the written report.

The public presentation should take place in a suitable public facility in the county seat or other central location. The project sponsors should invite area media, local government officials, all those interviewed by the resource team, and others who will be active in the future development of the county. Two to three hours should be allowed for the oral presentation and questions from residents.

The preliminary report can serve as a detailed outline for the development of drafts of the final written report. Distribution of the draft report should be kept to a minimum, pending delivery of the more extensive written report within about six weeks.

THE WRITTEN REPORT

The project sponsors should negotiate prior to the resource team visit for designation of one of the participating agencies as lead agency in assembling materials, interviews and preliminary recommendations and to produce the report for local distribution. The report should represent the views of all agencies and major sponsors involved in the resource team project and should be developed in several drafts, with each circulated to resource team members and project sponsors for comments, criticism and additional information. When a final draft is prepared, resource team members should show their concurrence in the document by sending a letter of agreement to the lead agency or the chief project sponsor. The final report should be delivered to the sponsors within six weeks of completion of the resource team visit.

Funding for the report should be sought in the same fashion as funding for the site visit. The project sponsors should request that the lead agency fund publication of the final report. The agency may be willing to bear the cost in exchange for publication credit or some similar consideration. Should the lead agency decline to publish the report for any reason, the sponsors should seek funding support from all resource team agencies, local governments, civic groups, and other private sources.

The final document is a critical workbook for the project area's development process, and a well-written report may serve as a promotional piece for development efforts including grant applications and industrial recruiting ventures. Funding for the final report should be secured well in advance of the resource team site visit.

The final report should briefly describe the past trends and current conditions of the project area. The report should be frank in addressing the liabilities as well as the assets in the project area, since the definition of economic problems is often necessary in securing foundation grants or government grants for specific development projects. The final report should list specific recommendations for community and business development projects, with particular emphasis on defining which projects can be accomplished with project area resources and which projects will require outside assistance. Sources of financial and technical assistance for each suggested project should be noted in the report.

PROJECT RECOMMENDATION AND IMPLEMENTATION

Resource team recommendations should be both realistic and achievable. The proposals should build on existing industries and resources. These practical suggestions should be a balanced program of short-term, mid-range, and long-term projects.

A strategic planning session to set priorities and determine responsibilities among project sponsors for achieving specific recommended goals should be held in conjunction with receipt of the written document. This session can be organized and directed by one of the agencies that participated in the resource team or by any other agency with expertise in community strategic planning. The purpose of this session is to promote an organized local approach to turning the recommendations into reality.

The project staff should use the strategic planning session to develop community cooperation and to coordinate individual efforts into a cohesive and effective county-wide development program. Some of the project recommendations will logically be in the realm of duties of the county government. Others should be implemented by a chamber of commerce or civic organization. Some recommendations might be addressed only by a state highway department or a private development foundation. Projects should be assigned to the entities most logically qualified to carry them out.

A complete written resource team report should list a variety of sources of technical assistance for each project recommendation. The project staff should strive to balance the project area's requests for assistance. For example, the state agriculture agency should not be asked to do six separate market feasibility studies while a well-qualified regional university is not requested to undertake any such projects. The project staff should work to match development projects with willing public or private institutions. If an agency is capable of handling that project on its own, the project staff should direct other agencies to other projects. A successful resource team report will have more than enough realistic projects to go around. The project staff should take on a reasonable number of recommended projects, spread the requests for assistance among the willing and qualified agencies, and stay aware of local follow-up efforts on the various projects.

Subsequent assessment projects may be needed to examine specific projects in greater detail and to review the progress of particular projects. These subsequent assessments should be scheduled as needed.

CONCLUSION

The resource team approach to development assessment offers many advantages to rural communities.

*It relies heavily on local initiative, giving communities firm control over development planning.

*It makes extensive use of free or low-cost expert assistance from both public and private agencies.

*It requires little in the way of community resources beyond the commitment of time and energy from local participants.

*It is extremely flexible, can be readily adapted to make use of the expertise of a wide variety of organizations, and is relevant for a variety of targeted project areas.

*It permits a fairly broad analysis of the project area by experts drawn from a number of different disciplines.

*It is an open process and permits the sharing of a wide range of views from many segments of the community in a project area.

*It can be accomplished within a relatively short time frame.

INTERVIEW SCHEDULE FOR FISHER COUNTY ECONOMIC DEVELOPMENT RESOURCE TEAM

Tuesday, November 3, 1987

ROBY

FISHER COUNTY COURTHOUSE ANNEX

8:00 A.M.	County Commissioners Court
8:20 A.M.	Fisher County Economic Development Commission
8:45 A.M.	Cotton Gin Managers
9:05 A.M.	Roby City Council
9:25 A.M.	Federal and State Agricultural Agencies
9:50 A.M.	Fisher County Farmers Union
10:10 A.M.	Lions Clubs -- Roby and Rotan
10:30 A.M.	Fisher County Extension Agents
11:10 A.M.	Big Three Pork Producers -- Site Visit

ROTAN

CITY SAVINGS ASSOCIATION MEETING ROOM

1:10 P.M.	Fisher County Ministers
1:30 P.M.	Bank Officials
1:50 P.M.	Fisher County School Administrators
2:15 P.M.	Fisher County Business Owners and Managers
2:35 P.M.	Fisher County Farm Bureau
3:00 P.M.	Rotan City Council
3:20 P.M.	Rotan Chamber of Commerce
4:00 P.M.	National Gypsum Plant -- Site Visit
4:30 P.M.	Senior Citizens Center -- Site Visit
5:00 P.M.	Fisher County Hospital -- Site Visit

Appendix V:

DEVELOPMENT CORPORATION ACT

Development Corporation Act of 1979 (as amended)

SECTION 1. This Act may be cited as the "Development Corporation Act of 1979."

SECTION 2. Wherever used in this Act unless a different meaning clearly appears in the context, the following terms, whether singular or plural, shall mean as follows:

(1) "Board of directors" shall mean the board of directors of any corporation organized pursuant to the provisions of this Act.

(2) "Commission" shall mean the Texas Industrial Commission.

(3) "Corporation" shall mean any industrial development corporation organized pursuant to the provisions of this Act.

(4) "Cost" as applied to a project shall mean and embrace the cost of acquisition, construction, reconstruction, improvement and expansion, including the cost of the acquisition of all land, rights-of-way, property rights, easements and interests, the cost of all machinery and equipment, financing charges, interest prior to and during construction and for one year after completion of construction whether or not capitalized, necessary reserve funds, cost of estimates and of engineering and legal services, plans, specifications, surveys, estimates of cost and of revenue, other expenses necessary or incident to determining the feasibility and practicability of acquiring, constructing, reconstructing, improving and expanding any such project, administrative expense and such other expense as may be necessary or incident

to the acquisition, construction, reconstruction, improvement and expansion thereof, the placing of the same in operation and the financing or refinancing of any such project, including the refunding of any outstanding obligations, mortgages or advances issued, made or given by any person for any of the aforementioned costs.

(5) "City" shall mean any municipality of the state incorporated under the provisions of (i) any general or special law or (ii) the home-rule amendment to the constitution.

(6) "County" shall mean a county of this state.

(7) "District" shall mean a conservation and reclamation district established under authority of Article XVI, Section 59, of the Texas Constitution.

(8) "Governing body" shall mean the board, council, commission, commissioners court or legislative body of the unit.

(9) "Industrial development corporation" shall mean a corporation created and existing under the provisions of this Act as a constituted authority for the purpose of financing one or more projects.

(10) "Project" shall mean the land, buildings, equipment, facilities, and improvements (one or more) found by the board of directors to be required or suitable for the promotion of manufacturing development and expansion and for the industrial development and expansion of airport and port facilities, distribution centers, truck terminals operated by regulated common carriers, sewage or solid waste disposal facilities, air or water pollution control facilities, and other industrial facilities, and facilities which are related to any of the foregoing, and in furtherance of the public purposes of this Act, all as defined in the rules of the commission, irrespective of whether in existence or required to be acquired or constructed thereafter. In addition, in blighted or economically depressed areas or federally assisted new communities located within a home-rule city or a federally designated economically depressed county of less than 50,000 persons according to the last federal decennial census, a project may include the land, buildings, equipment, facilities, and improvements (one or more) found by the board of directors to be required or suitable for the promotion of commercial development and expansion and in furtherance of the public purposes of this Act, or for use by commercial enterprises, all as defined in the rules of the commission, irrespective of whether in

existence or required to be acquired or constructed thereafter. As used in this Act, the term blighted or economically depressed areas shall mean those areas and areas immediately adjacent thereto within a city which by reason of the presence of a substantial number of substandard, slum, deteriorated, or deteriorating structures, or which suffer from a high relative rate of unemployment, or which have been designated and included in a tax incremental district created under Chapter 695, Acts of the 66th Legislature, Regular Session, 1979 (Article 1066d, Vernon's Texas Civil Statutes), or any combination of the foregoing, the city finds and determines, after a hearing, substantially impair or arrest the sound growth of the city, or constitute an economic or social liability and are a menace to the public health, safety, or welfare in their present condition and use. Notice of the hearing at which the city considers establishment of an economically depressed or blighted area shall be posted at the city hall prior to such hearing.

"Federally assisted new communities" shall mean those federally assisted areas which have received or will receive assistance in the form of loan guarantees under Title X of the National Housing Act and a portion of the federally assisted area has received grants under Section 107(a)(1) of the Housing and Community Development Act of 1974, as amended.

(11) "Resolution" shall mean the resolution, order, ordinance or other official action by the governing body of a unit.

(12) "Unit" shall mean a city, county or district which may create and utilize a corporation.

(13) "Bonds" include bonds, notes, and other evidences of indebtedness.

SECTION 3. It is hereby found, determined and declared:

(1) that the present and prospective right to gainful employment and general welfare of the people of this state require as a public purpose the promotion and development of new and expanded industrial and manufacturing enterprises;

(2) that the existence, development and expansion of industry are essential to the economic growth of the state and to the full employment, welfare and prosperity of its citizens;

(3) that the means and measures authorized by this Act and the assistance provided in this Act, especially with

respect to financing, are in the public interest and serve a public purpose of the state in promoting the welfare of the citizens of the state economically by the securing and retaining of private industrial and manufacturing enterprises and the resulting maintenance of a higher level of employment, economic activity and stability;

(4) that community industrial development corporations in Texas have themselves invested substantial funds in successful industrial development projects and have experienced difficulty in undertaking such additional projects by reason of the partial inadequacy of their own funds or funds potentially available from local subscription sources and by reason of limitations of local financial institutions in providing additional and sufficiently sizable first mortgage loans; and

(5) that communities in this state are at a critical disadvantage in competing with communities in other states for the location or expansion of such enterprises by virtue of the availability and prevalent use in all other states of financing and other special incentives; therefore, the issuance of revenue bonds by corporations on behalf of political subdivisions of the state as hereinafter provided for the promotion and development of new and expanded industrial and manufacturing enterprises to provide and encourage employment and the public welfare is hereby declared to be in the public interest and a public purpose.

This Act shall be liberally construed in conformity with the intention of the legislature herein expressed.

SECTION 4. (a) Any number of natural persons, not less than three, each of whom is at least 18 years of age and a qualified elector of the unit may file with the governing body of a unit a written application requesting that the unit authorize and approve creation of a corporation to act on behalf of the unit. The governing body of the unit may not charge a filing fee for the application. If the governing body by appropriate resolution finds and determines that it is advisable that the corporation be authorized and created and approves the articles of incorporation proposed to be used in organizing the corporation, then the articles of incorporation for the corporation may be filed as hereinafter provided. A unit may authorize and approve creation of one or more corporations, provided that the resolution approving the creation of each corporation shall specify the public purpose or purposes of the unit which the corporation may further on behalf of the unit, which purpose or purposes shall be limited to the promotion and development of industrial and manufacturing enterprises to promote and encourage employment and the public welfare. No corporation may be formed unless the unit has properly adopted a resolution as herein described.

(b) There is hereby created the Texas Small Business Industrial Development Corporation which shall act on behalf of the state to carry out the public purposes of this Act. The Texas Small Business Industrial Development Corporation shall be considered to be a corporation within the meaning of this Act, shall be organized and governed in accordance with the provisions of this Act, and shall have all of the powers, and shall be subject to all of the limitations, provided for corporations by this Act. For purposes of this Act, the state shall be considered to be the unit under whose auspices the Texas Small Business Industrial Development Corporation is created and the commission shall be considered to be the governing body. The articles of incorporation of the Texas Small Business Industrial Development Corporation shall be signed by at least three members of the commission, shall set forth the information requested by Subdivisions (1) through (9), Section (6), of this Act, and shall be approved by the commission, as governing body. The corporate existence of the Texas Small Business Industrial Development Corporation shall begin upon the issuance of a certificate of incorporation by the secretary of state. To the extent that the provisions of this section are inconsistent with other provisions of this Act, the provisions of this section shall control as to the creation, organization, administration, operation, and affairs of the Texas Small Business Industrial Development Corporation.

SECTION 5. The corporation shall be a nonmember, nonstock corporation.

SECTION 6. The articles of incorporation shall set forth:

(1) the name of the corporation;

(2) a statement that the corporation is a nonprofit corporation;

(3) the period of duration which may be perpetual;

(4) the specific purpose or purposes for which the corporation is organized and may issue bonds on behalf of the unit;

(5) that the corporation has no members and is a nonstock corporation;

(6) any provision not inconsistent with law, including any provision which under this Act is required or permitted to be set forth in the bylaws, for the regulation of the internal affairs of the corporation;

(7) the street address of its initial registered office and the name of its initial registered agent at such street address;

(8) the number of directors constituting the initial board of directors and the names and addresses of the persons who are to serve as the initial directors;

(9) the name and street address of each incorporator; and

(10) a recital that the unit has specifically authorized the corporation by resolution to act on its behalf to further the public purpose or purposes stated in the resolution and in the articles of incorporation and has approved the articles of incorporation.

SECTION 7. (a) Triplicate originals of the articles of incorporation shall be delivered to the secretary of state. If the secretary of state finds that the articles of incorporation conform to the requirements of this Act, he shall, when a fee of $25 has been paid:

(1) endorse on each original the word "Filed" and the month, day and year of the filing thereof;

(2) file one of such originals in his office; and

(3) issue two certificates of incorporation to each of which he shall affix one of such originals.

(b) A certificate of incorporation together with an original of the articles of incorporation affixed thereto by the secretary of state shall be delivered to the incorporators or their representatives and to the governing body of the unit under whose auspices the corporation was created.

(c) Upon the issuance of the certificate of incorporation, the corporate existence shall begin. After the issuance of the certificate of incorporation, the incorporation of the corporation shall be incontestable for any cause, and such certificate of incorporation shall be conclusive evidence that all conditions precedent required to be performed by the incorporators and by the unit have been complied with and that the corporation has been incorporated under this Act.

SECTION 8. Each corporation shall have and continuously maintain in this state:

(1) a registered office which may be, but need not be, the same as its principal office; and

(2) a registered agent, which agent may be an individual resident in this state whose business office is identical with such registered office, or a domestic corporation, whether for profit or not for profit, or a foreign corporation, whether for profit or not for profit, authorized to transact business or to conduct its affairs in this state which has a principal or business office identical with such registered office.

SECTION 9. (a) A corporation may change its registered office or change its registered agent or both upon filing in the office of the secretary of state a statement setting forth:

(1) the name of the corporation;

(2) the post-office address of its then registered office;

(3) if the post-office address of its registered office is to be changed, the post-office address to which the registered office is to be changed;

(4) the name of its then registered agent;

(5) if its registered agent is to be changed, the name of its successor registered agent;

(6) that the post-office address of its registered office and the post-office address of the business office of its registered agent as changed will be identical; and

(7) that such change was authorized by its board of directors or by an officer of the corporation so authorized by the board of directors.

(b) Duplicate originals of such statement shall be executed by the corporation by its president or vice president and verified by him and delivered to the secretary of state. If the secretary of state finds that such statement conforms to the requirements of this Act, he shall, when a fee of $25 has been paid:

(1) endorse on each of such originals the word "Filed" and the month, day and year of the filing thereof;

(2) file one of such originals in his office; and

(3) return the other original to the corporation or its representative.

(c) Upon such filing, the change of address of the registered office or the appointment of a new registered agent or both, as the case may be, shall become effective.

(d) Any registered agent of a corporation may resign:

(1) by giving written notice to the corporation at its last known address; and

(2) by giving written notice in triplicate to the secretary of state within 10 days after mailing or delivery of said notice to the corporation.

Such notice shall include the last known address of the corporation and shall include the statement that written notice of resignation has been given to the corporation and the date thereof. Upon compliance with the requirements as to written notice, the appointment of such agent shall terminate upon the expiration of 30 days after receipt of such notice by the secretary of state.

(e) If the secretary of state finds that such written notice conforms to the provisions of this Act, he shall:

(1) endorse on each of such originals the word "Filed" and the month, day and year of the filing thereof;

(2) file one of such originals in his office;

(3) return one original to such resigning registered agent; and

(4) return one original to the corporation at the last known address of the corporation as shown in such written notice.

SECTION 10. (a) The president and all vice presidents of the corporation and the registered agent of the corporation shall be agents of such corporation upon whom any process, notice or demand required or permitted by law to be served upon the corporation may be served.

(b) Whenever a corporation shall fail to appoint or maintain a registered agent in this state or whenever its registered agent cannot with reasonable diligence be found at the registered office, then the secretary of state shall be an agent of such corporation upon whom any such process, notice or demand may be served. Service on the secretary of state of any process, notice or demand shall be made by delivering to and leaving with him or with the assistant secretary of state or with any clerk having charge of the corporation department of his office duplicate copies of such process, notice or demand. In the event any such process, notice or demand is served on the secretary of state, he shall immediately cause one of the copies thereof to be forwarded by registered mail, addressed to the corporation at its registered office. Any service so had on the secretary of state shall be returnable in not less than 30 days.

(c) The secretary of state shall keep a record of all processes, notices and demands served upon him under this article and shall record therein the time of such service and his action with reference thereto.

SECTION 11. The corporation shall have a board of directors in which all powers of the corporation shall be vested and which shall consist of any number of directors, not less than three, each of whom shall be appointed by the governing body of the unit under whose auspices the corporation was created for a term of no more than six years, and each of whom shall be removable by the unit for cause or at will. The directors shall serve as such without compensation except that they shall be reimbursed for their actual expenses incurred in the performance of their duties hereunder.

SECTION 12. After the issuance of the certificate of incorporation, an organizational meeting of the board of directors named in the articles of incorporation shall be held within this state for the purpose of adopting bylaws, electing officers and for such other purposes as may come before the meeting. The incorporators calling the meeting shall give at least three days' notice thereof by mail to each director named in the articles of incorporation, which notice shall state the time and place of the meeting.

SECTION 13. The initial bylaws of a corporation shall be adopted by its board of directors and approved by resolution of the governing body of the unit under whose auspices the corporation was created.

SECTION 14. (a) A quorum for the transaction of business by the board of directors shall be whichever is less:

(1) a majority of the number of directors fixed by the bylaws or in the absence of a bylaw fixing the number of directors a majority of the number of directors stated in the articles of incorporation; or

(2) any number, not less than three, fixed as a quorum by the articles of incorporation or the bylaws.

(b) The act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the board of directors, unless the act of a greater number is required by the articles of incorporation or the bylaws.

(c) Any action required by this Act to be taken at a meeting of the directors of a corporation or any action which may be taken at a meeting of the directors may be taken without a meeting if a consent in writing, setting forth the action to be taken, shall be signed by all of the directors. Such consent shall have the same force and effect as a unanimous vote and may be stated as such in any articles or document filed with the secretary of state under this Act.

SECTION 15. (a) The corporation shall have the power to indemnify any director or officer or former director or officer of the corporation for expenses and costs (including attorneys' fees) actually and necessarily incurred by him in connection with any claim asserted against him by action in court or otherwise by reason of his being or having been such director or officer, except in relation to matters as to which he shall have been guilty of negligence or misconduct in respect of the matter in which indemnity is sought.

(b) If the corporation has not fully indemnified him, the court in the proceeding in which any claim against such director or officer has been asserted or any court having the requisite jurisdiction of an action instituted by such director or officer on his claim for indemnity may assess indemnity against the corporation, its receiver, or trustee for the amount paid by such director or officer (including attorneys' fees) in satisfaction of any judgment or in compromise of any such claim (exclusive in either case of any amount paid to the corporation), actually and necessarily incurred by him in connection therewith to the extent that the court shall deem reasonable and equitable; provided, nevertheless, that indemnity may be assessed under this section only if the court finds that the person indemnified was not guilty of negligence or misconduct in respect of the matter in which indemnity is sought.

(c) Regular meetings of the board of directors may be held within the state with or without notice as prescribed in the bylaws. Special meetings of the board of directors shall be held upon such notice as is prescribed in the bylaws. Attendance of a director at a meeting shall constitute a waiver of notice of such meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened. Neither the business to be transacted at nor the purpose of any regular or special meeting of the board of directors need be specified in the notice or waiver of notice of such meeting, unless required by the bylaws.

(d) Whenever any notice is required to be given to any member or director of a corporation under the provisions of this Act or under the provisions of the articles of incorporation or bylaws of the corporation, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be equivalent to the giving of such notice.

SECTION 16. The officers of a corporation shall consist of a president, one or more vice presidents, a secretary, a treasurer and such other officers and assistant officers as may be deemed necessary, each of whom shall be elected or appointed at such time and in such manner and for such terms not exceeding three years as may be prescribed in the articles of incorporation or the bylaws. In the absence of any such provisions, all officers shall be elected or appointed annually by the board of directors. One person may hold more than one office, except that the president may not hold the office of secretary.

SECTION 17. (a) The articles of incorporation may at any time and from time to time be amended, provided that the board of directors files with the governing body of the unit under whose auspices the corporation was created a written application requesting that the unit approve such amendment to the articles of incorporation, specifying in such application the amendment or amendments proposed to be made. If the governing body by appropriate resolution finds and determines that it is advisable that the proposed amendment be made, authorizes the same to be made and approves the form of the proposed amendment, the board of directors shall proceed to amend the articles as hereinafter provided.

(b) The articles of incorporation may also be amended at any time by the governing body of the unit under whose auspices the corporation was created at its sole discretion by adopting an amendment to the articles of incorporation of the corporation by resolution of such governing body and delivering the articles of amendment to the secretary of state as hereinafter provided.

SECTION 18. The articles of amendment shall be executed in duplicate by the corporation by its president or by a vice president and by its secretary or an assistant secretary or by the presiding officer and the secretary or clerk of the governing body of the unit whose auspices the corporation was created, shall be verified by one of the officers signing such articles, and shall set forth:

(1) the name of the corporation;

(2) if the amendment alters any provision of the original or amended articles of incorporation, an identification by reference or description of the altered provision and a statement of its text as it is amended to read; if the amendment is an addition to the original or amended articles of incorporation, a statement of that fact and the full text of each provision added; and

(3) the fact that such amendment was adopted or approved by the governing body of the unit and the date of the meeting at which the amendment was adopted or approved by such governing body.

SECTION 19. (a) Triplicate originals of the articles of amendment shall be delivered to the secretary of state. If the secretary of state finds that the articles of amendment conform to the requirements of this Act, he shall, when a fee of $25 has been paid:

(1) endorse on each of such originals the word "Filed" and the month, day and year of the filing thereof;

(2) file one of such originals in his office; and

(3) issue two certificates of amendment to each of which he shall affix an original.

(b) A certificate of amendment together with an original of the articles of amendment affixed thereto by the secretary of state shall be delivered to the corporation or its representative and to the governing body of the unit under whose auspices the corporation was created.

(c) Upon the issuance of the certificate of amendment by the secretary of state, the amendment shall become effective and the articles of incorporation shall be deemed to be amended accordingly.

(d) No amendment shall affect any existing cause of action in favor of or against such corporation or any pending suit to which such corporation shall be a party or the existing rights of persons other than members; and in the event the corporate name shall be changed by amendment, no suit brought by or against such corporation under its former name shall abate for that reason.

SECTION 20. (a) A corporation may, by following the procedure to amend the articles of incorporation provided by this Act including obtaining the approval of the governing body of the unit under whose auspices the corporation was created, authorize, execute and file restated articles of incorporation which may restate either:

(1) the entire text of the articles of incorporation as amended or supplemented by all certificates of amendment previously issued by the secretary of state; or

(2) the entire text of the articles of incorporation as amended or supplemented by all certificates of amendment previously issued by the secretary of state and as further amended by such restated articles of incorporation.

(b) If the restated articles of incorporation restate the entire articles of incorporation as amended and supplemented by all certificates of amendment previously issued by the secretary of state without making any further amendment thereof, the introductory paragraph shall contain a statement that the instrument accurately copies the articles of incorporation and all amendments thereto that are in effect to date and that the instrument contains no change in the provisions thereof, provided that the number of directors then constituting the board of directors and the names and addresses of the persons then serving as directors may be inserted in lieu of similar information concerning the initial board of directors, and the name and address of each incorporator may be omitted.

(c) If the restated articles of incorporation restate the entire articles of incorporation as amended and supplemented by all certificates of amendment previously issued by the secretary of state and as further amended by such restated articles of incorporation, the instrument containing such articles shall:

(1) set forth for any amendment made by such restated articles of incorporation a statement that each such amendment has been effected in conformity with the provisions of this Act and shall further set forth the statements required by this Act to be contained in articles of amendment, provided that the full text of such amendments need not be set forth except in the restated articles of incorporation as so amended;

(2) contain a statement that the instrument accurately copies the articles of incorporation and all amendments thereto that are in effect to date and as further amended by such restated articles of incorporation and that the instrument contains no other change in any provision thereof; provided that the number of directors then constituting the board of directors and the names and addresses of the persons then serving as directors may be inserted in lieu of similar information concerning the initial board of directors, and the names and addresses of each incorporator may be omitted; and

(3) restate the text of the entire articles of incorporation as amended and supplemented by all certificates of amendment previously issued by the secretary of state and as further amended by the restated articles of incorporation.

(d) Such restated articles of incorporation shall be executed in triplicate by the corporation by its president or a vice president and by its secretary or an assistant secretary and shall be verified by one of the officers signing such articles. Triplicate originals of the restated articles of incorporation shall be delivered to the secretary of state. If the secretary of state finds that the restated articles of incorporation conform to law, he shall, when a fee of $25 has been paid:

(1) endorse on each of such originals the word "Filed" and the month, day and year of the filing thereof;

(2) file one of such originals in his office; and

(3) issue two restated certificates of incorporation to each of which he shall affix one of such originals.

(e) A restated certificate of incorporation together with a triplicate original of the restated articles of incorporation affixed thereto by the secretary of state shall be delivered to the corporation or its representative and to the governing body of the unit under whose auspices the corporation was created.

(f) Upon the issuance of the restated certificate of incorporation by the secretary of state, the original articles of incorporation and all amendments thereto shall be superseded and the restated articles of incorporation shall be deemed to be articles of incorporation of the corporation.

SECTION 21. Every unit is hereby authorized to utilize a corporation to issue bonds on its behalf to finance the cost of projects to promote and develop industrial and manufacturing enterprises to promote and encourage employment and the public welfare. No unit is or shall be authorized to lend its credit or grant any public money or thing of value in aid of a corporation. The unit will approve all programs and expenditures of the corporation and annually review any financial statements of the corporation, and at all times the unit will have access to the books and records of the corporation.

SECTION 22. Bonds issued under the provisions of this Act shall be deemed not to constitute a debt of the state, of the unit, or of any other political corporation, subdivision or agency of this state or a pledge of the faith and credit of any of them, but such bonds shall be payable solely from the funds herein provided therefor from revenues. All such revenue bonds shall contain on the face thereof a statement to the effect that neither the state, the unit, nor any political corporation, subdivision or agency of the state shall be obligated to pay the same or the interest thereon and that neither the faith and credit nor the taxing power of the state, the unit, or any other political corporation, subdivision or agency thereof is pledged to the payment of the principal of or the interest on such bonds. The corporation shall not be authorized to incur financial obligations which cannot be paid from proceeds of the bonds or from revenues realized from the lease or sale of a project or realized from a loan made by the corporation to finance or refinance in whole or in part a project. The corporation when established and created pursuant to the terms of the Act shall be a constituted authority and an instrumentality (within the meaning of those terms in the regulations of the treasury and the rulings of the Internal Revenue Service prescribed and promulgated pursuant to Section 103 of the Internal Revenue Code of 1954, as amended) and shall be authorized to act on behalf of the unit under whose auspices it is created for the specific public purpose or purposes authorized by such unit; but the corporation is not intended to be and shall not be a political subdivision or a political corporation within the meaning of the constitution and the laws of the state, including without limitation Article III, Section 52, of the Texas Constitution, and a unit shall never delegate to a corporation any of such unit's attributes of sovereignty, including the power to tax, the power of eminent domain, and the police power.

SECTION 23. (a) The corporation shall have and exercise all of the rights, powers, privileges, authority, and functions given by the general laws of this state to nonprofit corporations incorporated under the Texas Non-Profit Corporation Act, as amended (Article 1396-1.01 et seq., Vernon's Texas Civil Statutes); but to the extent that the provisions of the general laws are in conflict or inconsistent with this Act, this Act prevails. In addition, the corporation shall have the following powers with respect to projects together with all powers incidental thereto or necessary for the performance of those hereinafter stated:

(1) to acquire, whether by construction, devise, purchase, gift, lease or otherwise or any one or more of such methods and to construct, improve, maintain, equip and furnish one or more projects located within the state or within the coastal waters of the state and within or partially within the limits of the unit under whose auspices the corporation was created or within the limits of a different unit where the governing body thereof requests the corporation to exercise its powers therein;

(2) to lease to a lessee all or any part of any project for such rentals and upon such terms and conditions as its board of directors may deem advisable and not in conflict with the provisions of this Act;

(3) to sell by installment payments or otherwise and convey all or any part of any project for such purchase price and upon such terms and conditions as its board of directors may deem advisable and not in conflict with the provisions of this Act;

(4) to make secured or unsecured loans for the purpose of providing temporary or permanent financing or refinancing of all or part of the cost of any project, including the refunding of any outstanding obligations, mortgages or advances issued, made or given by any person for the cost of a project; and to charge and collect interest on such loans for such loan payments and upon such terms and conditions as its board of directors may deem advisable and not in conflict with the provisions of this Act;

(5) to issue bonds for the purpose of defraying all or part of the cost of any project, to secure the payment of such bonds as provided in this Act, and to sell bonds at a

price or prices determined by the board of directors or to exchange bonds for property, labor, services, material, or equipment comprising a project or incidental to the acquisition of a project, and those bonds may bear interest at any rate or rates determined by the board of directors, subject to the limitations set forth in this Act;

(6) as security for the payment of the principal of and interest on any bonds issued and any agreements made in connection therewith, to mortgage and pledge any or all of its projects or any part or parts thereof, whether then owned or thereafter acquired, and to assign any mortgage and repledge any security conveyed to the corporation to secure any loan made by the corporation and to pledge the revenues and receipts therefrom;

(7) to sue and be sued, complain and defend, in its corporate name;

(8) to have a corporate seal and to use the same by causing it or a facsimile thereof to be impressed on, affixed to, or in any manner reproduced upon instruments of any nature required to be executed by its proper officers;

(9) to make and alter bylaws not inconsistent with its articles of incorporation or with the laws of this state with the approval of the unit under whose auspices the corporation was created by resolution of the governing body for the administration and regulation of the affairs of the corporation;

(10) to cease its corporate activities and terminate its existence by voluntary dissolution as provided herein; and

(11) whether included in the foregoing or not, to have and exercise all powers necessary or appropriate to effect any or all of the purposes for which the corporation is organized which powers shall be subject at all times to the control of the governing body of the unit under whose auspices the corporation was created.

(b) The corporation shall not have the power to own or operate any project as a business other than as lessor, seller or lender or pursuant to the requirements of any trust agreement securing the credit transaction. Accordingly, the lessee, purchaser, or borrower pursuant to any lease, sale, or loan agreement relating to a project shall be considered to be the owner of the project for the purposes of the application of any ad valorem, sales, and use taxes or any other taxes levied or imposed by this state or any political subdivision of this state. The purchase and holding of mortgages, deeds of trust or other security interests and contracting for any servicing thereof shall not be deemed the operation of a project.

SECTION 24. (a) The commission shall approve the contents of any lease, sale or loan agreement made under this Act. The commission shall prescribe rules and regulations setting forth minimum standards for project eligibility and for lease, sale and loan agreements and guidelines with respect to the business experience, financial resources, and responsibilities of the lessee, purchaser or borrower under any such agreement, but in no event shall the commission approve any agreement unless it affirmatively finds that the project sought to be financed is in furtherance of the public purposes of this Act. Appeal from any adverse ruling or decision of the commission under this subsection may be made by the corporation to the District Court of Travis County. The substantial evidence rule shall apply. Rules, regulations and guidelines promulgated by the commission and amendments thereto shall be effective only after they have been filed with the secretary of state.

(b) The corporation may submit a transcript of proceedings in connection with the issuance of the bonds to the commission and request that the commission approve such bonds. On filing a request for the commission's approval of issuance of the bonds, the corporation shall pay to the commission a nonrefundable filing fee of $1,500. If the commission refuses to approve such bond issue solely on the basis of law, the corporation may seek a writ of mandamus from the Supreme Court, and for this purpose the chairman of the commission shall be considered a state officer as provided in Article 1733, Revised Civil Statutes of Texas, 1925.

(c) The commission may delegate to the executive director of the commission the authority to approve a lease, sale, or loan agreement made under this Act or bonds issued by a corporation or any documents submitted as provided herein.

(d) No corporation shall sell or offer for sale any bonds or other securities until a permit authorizing the corporation to offer and sell such securities has been granted by the securities commissioner under the registration provisions of The Securities Act, as amended (Article 581-1 et seq., Vernon's Texas Civil Statutes), except as the State Securities Board may exempt from registration by rule, regulation or order. Appeal from any adverse decision of the securities commissioner or the State Securities Board shall be as provided by the Administrative Procedure and Texas Register Act, as amended (Article 6252-13a, Vernon's Texas

Civil Statutes). The substantial evidence rule shall apply in all such appeals.

(e) The commission by rule shall require corporations to file fee schedules and bond procedures. Bond counsel and financial advisors participating in an issue shall be mutually acceptable to the corporation and the user.

(f) The commission shall adopt rules and regulations governing programs for small businesses receiving loans guaranteed in whole or in part by the Small Business Administration or other federal agencies. The commission may also adopt rules and regulations governing the terms and conditions of loans by a corporation to banks or other lending institutions the proceeds of which are reloaned as permanent or temporary financing of a project.

SECTION 25. (a) The principal of and the interest on any bonds issued by a corporation shall be payable solely from the funds provided for such payment and from the revenues of the one or more projects for which the bonds were authorized. The bonds of each issue shall be dated, shall bear interest at such rate or rates that are fixed, variable, floating, or otherwise, shall mature at such time or times not exceeding 40 years from their date as may be determined by the board of directors, and may be made redeemable before maturity at the option of the board of directors at such price or prices and under such terms and conditions as may be fixed by the board of directors of the corporation prior to the issuance of the bonds.

(b) The board of directors shall determine the form of the bonds, including any interest coupons to be attached thereto, and shall fix the denomination or denominations of the bonds and the place or places of payment of principal and interest. In cases where any officer whose signature or a facsimile of whose signature shall appear on any bonds or coupons shall cease to be such officer before the delivery of such bonds, such signature for all purposes is the same as if he had remained in office until such delivery. The bonds may be issued in coupon or in registered form or both as the board of directors of the corporation may determine, and provisions may be made for the registration of any coupon bonds as to the principal alone and also as to both principal and interest and for the reconversion into coupon bonds of any bonds registered as to both principal and interest. The corporation may sell bonds at public or private sale and at an interest rate not to exceed that permitted by the constitution or laws of the state.

(c) The proceeds of the bonds of each issue shall be used for the payment of all or part of the cost of or for the making of a loan in the amount of all or part of the cost of the project or projects for which authorized as defined herein and shall be disbursed in such manner and under such restrictions, if any, provided in the resolution authorizing the issuance of the bonds or in the trust agreement securing the same. Bond proceeds may be used to pay all costs incurred in issuing the bonds, interest on the bonds for such time as may be determined by the board of directors of the corporation, and to establish reserve funds and sinking funds for the bonds. If the proceeds of the bonds of any series issued with respect to the cost of any project shall exceed the cost of the project for which the same shall have been issued, the surplus shall be deposited to the credit of the sinking fund for such bonds or used to purchase bonds in the open market.

(d) Prior to the preparation of definitive bonds, the corporation may under like restrictions issue interim or temporary bonds with or without coupons, exchangeable for definitive bonds when such bonds shall have been executed and are available for delivery. Bonds may be issued and lease, sale and loan agreements entered into under the provisions of this Act without obtaining the consent or approval of any department, division, commission, board, bureau or agency of the state except as otherwise provided herein.

(e) The principal of and interest on any bonds issued by the corporation shall be secured by a pledge of the revenues and receipts derived by the corporation from the lease or sale of the project so financed or from the loan made by the corporation with respect to the project so financed or refinanced and may be secured by a mortgage covering all or any part of such project, including any enlargements of and additions to such project thereafter made. The resolution under which the bonds are authorized to be issued and any such mortgage may contain any agreements and provisions respecting the maintenance of the project covered thereby, the fixing and collection of rents, purchase price payments or loan payments, the creation and maintenance of special funds from such revenues and the rights and remedies available in the event of default, all as the board of directors shall deem advisable and not in conflict with the provisions hereof. Each pledge, agreement and mortgage made for the benefit or security of any of the bonds of the corporation shall continue effective until the principal of and interest on the bonds for the benefit for which the same were made have been fully paid.

(f) No issue of bonds, including refunding bonds, shall be delivered by the corporation without a resolution of the governing body adopted no more than 60 days prior to the date of delivery of the bonds specifically approving the resolution of the corporation providing for the issuance of the bonds.

(g) Bonds issued under this Act, and coupons, if any, representing interest on the bonds, are securities as defined by Chapter 8, Business & Commerce Code, as amended, and are negotiable if issued in accordance with this Act.

SECTION 26. Each corporation is hereby authorized to provide by resolution for the issuance of its refunding bonds for the purpose of refunding any bonds then outstanding, issued on account of a project, which shall have been issued under the provisions of this Act, including the payment of any redemption premium thereon and any interest accrued or to accrue to the date of redemption of such bonds and, if deemed advisable by the corporation, for the additional purpose of financing improvements, extensions or enlargements to the project in connection with which the bonds to be refunded shall have been issued or for another project. The issuance of such bonds, the maturities and other details thereof, the rights of the holders thereof, and the rights, duties and obligations of the corporation in respect to the same shall be governed by the provisions of this Act insofar as the same may be applicable. Within the discretion of the corporation, the refunding bonds may be issued in exchange for outstanding bonds or may be sold and the proceeds used for the purpose of redeeming outstanding bonds.

SECTION 27. Any bonds issued under the provisions of this Act may be secured by a trust agreement by and between the corporation and a corporate trustee, which may be any trust company or bank having the powers of a trust company within or without the state. Any such trust agreement may evidence a pledge or assignment of the lease, sale or loan revenues to be received from a lessee or purchaser of or borrower with respect to a project for the payment of principal of and interest and any premium on such bonds as the same shall become due and payable and may provide for creation and maintenance of reserves for such purposes. Any such trust agreement or resolution providing for the issuance of such bonds may contain such provisions for protecting and enforcing the rights and remedies of the bondholders as may be reasonable and proper and not in violation of law, including covenants setting forth the duties in relation to the acquisition of property and the construction, improvement, maintenance, repair, operation and insurance of the project in connection with which such bonds shall have been authorized, and the custody, safeguarding and application of all money. It shall be lawful for any bank or trust company incorporated under the laws of the state which may act as depository of the proceeds of bonds or of revenues to furnish such indemnifying bonds or to pledge such securities as may be required by the corporation. Any such trust agreement may set forth the rights and remedies of the bondholders and of the trustee and may restrict the individual right of action by bondholders as is customary in trust agreements or trust indentures securing bonds and debentures of private corporations. In addition to the foregoing, any such trust agreement may contain such provisions as the corporation may deem reasonable and proper for the security of the bondholders. All expenses incurred in carrying out the provisions of any such trust agreement may be treated as a part of the cost of the operation of the project.

SECTION 28. (a) Any agreement relating to any project shall be for the benefit of the corporation. Any such agreement shall contain a provision that, in the event of a default in the payment of the principal of or the interest or premium on such bonds or in the performance of any agreement contained in such proceedings, mortgage or instrument, such payment and performance may be enforced by mandamus or by the appointment of a receiver in equity with power to charge and collect rents, purchase price payments and loan payments, and to apply the revenues from the project in accordance with such resolution, mortgage or instrument.

(b) Any mortgage to secure bonds issued thereunder may also provide that, in the event of a default in the payment thereof or the violation of any agreement contained in the mortgage, the mortgage may be foreclosed and sold under proceedings in equity or in any other manner now or hereafter permitted by law. Such mortgage may also provide that any trustee under such mortgage or the holder of any of the bonds secured thereby may become the purchaser at any foreclosure sale if the highest bidder therefor.

SECTION 29. A corporation may grant a lessee an option to purchase all or any part of a project when all bonds of the corporation delivered to provide such facilities have been paid or provision has been made for their final payment. The provisions of this law are procedurally exclusive for authority to convey or grant an option to purchase, and reference to no other law shall be required.

SECTION 30. Except as limited by the provisions of this Act or as limited by the rules, regulations and guidelines of the commission, each corporation shall have full and complete authority with respect to bonds, lease, sale or loan agreements and the provisions thereof.

SECTION 31. Any bonds issued pursuant to this Act shall be and are hereby declared to be legal and authorized investments for banks, savings banks, trust companies, building and loan associations, savings and loan associations, insurance companies, fiduciaries, trustees, and for the sinking funds of cities, towns, villages, counties, school districts or other political corporations or subdivisions of the State of Texas. Such bonds shall be eligible to secure the deposit of any and all public funds of the State of Texas and any and all public funds of cities, towns, villages, counties, school districts, or other political corporations or subdivisions of the State of Texas; and such bonds shall be lawful and sufficient security for said deposits to the extent of their face value when accompanied by all unmatured coupons appurtenant thereto.

SECTION 32. The legislature finds, determines and declares that the activities of a corporation created and organized under the provisions of this Act affect all the people of the unit under whose auspices it is created by assuming to a material extent that which might otherwise become the obligation or duty of such unit, and therefore such corporation is an institution of purely public charity within the tax exemption of Article VIII, Section 2, of the Texas Constitution.

SECTION 33. The corporation shall be a nonprofit corporation, and no part of its net earnings remaining after payment of its expenses shall inure to the benefit of any individual, firm or corporation, except that in the event the board of directors shall determine that sufficient provision has been made for the full payment of the expenses, bonds and other obligations of the corporation, then any net earnings of the corporation thereafter accruing shall be paid to the unit under whose auspices the corporation was created.

SECTION 34. At any time the unit may in its sole discretion alter the structure, organization, programs or activities of the corporation or terminate and dissolve the corporation, subject only to any limitation provided by the constitution and laws of the state on the impairment of contracts entered into by the corporation. Such alteration or dissolution shall be made by written resolution of the governing body of the unit and as hereinafter provided.

SECTION 35. Whenever the board of directors of the corporation by resolution shall determine that the purposes for which the corporation was formed have been substantially complied with and that all bonds theretofore issued by the corporation have been fully paid, the members of the board of directors of the corporation shall, with the approval by written resolution of the unit under whose auspices the corporation was created, thereupon dissolve the corporation as hereinafter provided.

SECTION 36. (a) Articles of dissolution shall be executed in triplicate by the corporation by its president or a vice president and by its secretary or an assistant secretary or by the presiding officer and secretary or clerk of the governing body under whose auspices the corporation was created. Triplicate originals of such articles of dissolution shall be delivered to the secretary of state. If the secretary of state finds that such articles of dissolution conform to the requirements of this Act, he shall, when a fee of $25 has been paid:

(1) endorse on each of such originals the word "Filed" and the month, day and year of the filing thereof;

(2) file one of such originals in his office; and

(3) issue two certificates of dissolution to each of which he shall affix an original.

(b) A certificate of dissolution together with an original of the articles of dissolution affixed thereto by the secretary of state shall be returned to the representative of the dissolved corporation and to the governing body of the unit. Upon the issuance of such certificate of dissolution the existence of the corporation shall cease, except for the purpose of suits, other proceedings and appropriate corporate action by members, directors and officers as provided in this Act.

(c) Whenever dissolution occurs, whether instituted by the governing body unit or by the board of directors of the corporation, the dissolution proceedings shall transfer the title to all funds and properties then owned by the corporation to the unit under whose auspices the corporation was created.

SECTION 37. This Act shall be cumulative of all other laws on the subject, but this Act shall be wholly sufficient authority within itself for the creation of the corporations authorized herein and all actions by such corporations authorized hereby without reference to any other general or special laws or specific acts or any restrictions or limitations contained therein; and in any case, to the extent of any conflict or inconsistency between any provisions of this Act and any other provisions of law, this Act shall prevail and control; provided, however, any unit and any corporation shall have the right to use the provisions of any other laws not in conflict with the provisions hereof to the extent convenient or necessary to carry out any power or authority, express or implied, granted by this Act.

No proceedings, notice or approval shall be required for the organization of the corporation or the issuance of any bonds or any instrument as security therefor, except as is herein provided, any other law to the contrary notwithstanding; provided that nothing herein shall be construed to deprive the state and its governmental subdivisions of their respective police powers over any properties of the corporation or to impair any police power thereover of any official or agency of the state and its governmental subdivisions as may be otherwise provided by law.

Nothing in this Act shall be construed to violate any provision of the federal or state constitution, and all acts done under this Act shall be in such manner as will conform thereto, whether expressly provided or not. Where any procedure hereunder may be held by any court to be violative of either of such constitutions, the corporation shall have the power by resolution to provide an alternative procedure conformable with such constitutions. If any provisions of this Act should be invalid, such fact shall not affect the validity of any other provisions of this Act, and the legislature hereby declares that it would have enacted the valid provisions of this Act notwithstanding the invalidity of any other provision or provisions hereof.

SECTION 38. The fact that there is urgent need to provide the authority for cities, counties and conservation and reclamation districts to promote and encourage employment and public health for the benefit of the public welfare through industrial development and medical development creates an emergency and an imperative public necessity that the constitutional rule requiring bills to be read on three several days in each house be suspended, and this rule is hereby suspended, and that this Act take effect and be in force from and after its passage, and it is so enacted.

Appendix W:

VENTURE CAPITAL EXCHANGE;
SAMPLE PROFITS

VENTURE CAPITAL EXCHANGE

ENTREPRENEUR APPLICATION PROFILE

A Questionnaire for Entrepreneurs Seeking Venture Capital

This questionnaire is designed to capture the principal characteristics of your venture. Please note that an Executive Summary of your Business Plan must be submitted with this questionnaire. The information you provide will be held on VCE's data base for twelve months and compared regularly with investment interest profiles submitted by investors.

When a potential match of your venture and an investor's interests is determined, a xeroxed copy of page 2 and 3 of this questionnaire along with a copy of the Executive Summary of your Business Plan (see instructions for preparation of the Executive Summary)—without any reference to your firm's identity—will be sent to the investor.

NAME ____________ **TITLE** ____________

FIRM NAME ____________

ADDRESS ____________

CITY ____________ **STATE** ____________ **ZIP CODE** ____________

TELEPHONE (   ) ____________ **SIGNATURE** ____________

Profile Number: ____________
(office use only)

HOW TO COMPLETE THIS QUESTIONNAIRE

1. PLEASE TYPE YOUR ANSWERS! XEROXED COPIES OF PAGES 2 AND 3 WILL BE SUBMITTED TO POTENTIAL INVESTORS.
2. Prepare an Executive Summary of your Business Plan in accordance with the enclosed instructions. Do not submit the Business Plan itself.
3. Omit any reference to the name and address of your firm, the names and addresses of individuals affiliated with your firm, and any other proprietary information.
4. Refold the questionnaire to conceal its contents and use the peel-off security label which is provided.
5. Enclose your check for $100 made payable to Venture Capital Exchange.
6. Insert the sealed questionnaire and your check in the return address envelope.
7. Mail the envelope to VCE using first class mail to ensure prompt delivery.

Venture Capital Exchange will maintain your application in its data base for a period of twelve months. At the end of that time, VCE will contact you to determine whether you would like to maintain or revise your entry. All entries in the data base are subject to a renewal fee every twelve months.

The answers to your questions are specifically used for the computer matching process. Please give a careful and thoughtful response to each question.

VENTURE CAPITAL EXCHANGE

A not-for-profit corporation
organized by
The Bovaird Chair of Entrepreneurial Studies and Private Enterprise
at The University of Tulsa
in cooperation with
The Grace and Franklin Bernsen Foundation

VENTURE CAPITAL EXCHANGE

ENTREPRENEUR APPLICATION PROFILE

1. Which business or industry category **best** describes your venture? Check ONE only.

______ A. Agriculture/Fishing/Forestry
______ B. Communications/Publishing
______ C. Computer Software
______ D. Education/Training
______ E. Energy/Natural Resources
______ F. Financial Services/Banking/Insurance
______ G. Manufacturing - High Tech Products
______ H. Manufacturing - Industrial & Commercial Products
______ I. Manufacturing - Consumer Products
______ J. Medical/Health Care
______ K. Real Estate/Construction
______ L. Recreation/Tourism
______ M. Retail Trade
______ N. Service - Technology Related
______ O. Service - Other
______ P. Transportation
______ Q. Wholesale Trade.

2. Do you have a complete, written Business Plan?

YES______ NO______

3. Please indicate which category best describes your venture:

	Type of Firm	Characteristics:
______	A. Start-up firm	A venture in the idea stage or in the process of being organized.
______	B. Infant firm	A venture that has been organized and operating less than two years.
______	C. Young firm	A venture that has been in existence for two years.
______	D. Established firm #1	A venture that is over five years old and needs capital to maintain growth.
______	E. Established firm #2	A venture that is over five years old and in need of turn-around assistance.

4. Approximately how much capital do you need to fulfill your immediate plans?

______ A. Under $10,000
______ B. $10,000 to $25,000
______ C. $25,000 to $50,000
______ D. $50,000 to $100,000
______ E. $100,000 to $250,000
______ F. $250,000 to $500,000
______ G. $500,000 to $1,000,000
______ H More than $1,000,000

5. Is there a minimum investment you could accept from any one investor? Check ONE.

______ A. Under $10,000
______ B. $10,000 to $25,000
______ C. $25,000 to $50,000
______ D. $50,000 to $100,000
______ E. $100,000 to $250,000
______ F. $250,000 to $500,000
______ G. $500,000 to $1,000,000
______ H. More than $1,000,000

6. What were your actual sales and profits before interest and taxes for the last twelve months?

Sales $ ______________________

Profit before interest and taxes $ ______________________

7. What are your projected sales five years after receiving the financing you seek?

______ A. $100,000
______ B. $500,000
______ C. $1 million
______ D. $2 million
______ E. $5 million
______ F. $10 million
______ G. $20 million
______ H. $40 million
______ I. More than $50 million

8. How soon after financing will your operating cash flow reach breakeven level?

______________________ Months/Years

9. Do you need management or technical assistance in any of the following areas?

______ A. Marketing
______ B. Production
______ C. Finance
______ D. Research and Development
______ E. Personnel
______ F. General Management
______ G. All of the above
______ H. None of the above

10. Assuming that an outside investor's training and experience were appropriate, what role or roles could such an investor play in the management of your venture?

______ A. No involvement other than reviewing periodic reports and attending stockholder's meetings.
______ B. Representation on the firm's Board of Directors.
______ C. Provide consulting help as needed and requested.
______ D. Work part-time with the firm.
______ E. Work full-time with the firm.
______ F. Other (please specify)
____
____

11. A. If your business is located in the U.S., in what specific state is your primary business operation:
____

B. If your business is **not** located in the U.S., in what specific country is your primary business operation:
____
____

12. **Describe the significant characteristics of your venture. Include a description of the market, your product or service, underlying concepts or technology, management qualifications, your competitive advantages, and other information of potential interest to an investor. Omit the name of your firm, the names of individuals affiliated with your firm, and any proprietary information.** Your response to this question is critical to an investor's decision to seek further information about your venture.

PLEASE MAIL YOUR CHECK, COMPLETED QUESTIONNAIRE, AND BUSINESS PLAN TO:

$VCE
VENTURE CAPITAL EXCHANGE

Enterprise Development Center
The University of Tulsa
600 South College Avenue
Tulsa, Oklahoma 74104

$VCE

VENTURE CAPITAL EXCHANGE

INVESTMENT INTEREST PROFILE

A Questionnaire for Investors Seeking Opportunities

The following questions are designed to capture the characteristics of risk capital investment opportunities that you consider of interest. The data will be used to screen investment proposals presented to VCE. Accordingly, the more specific you can be with respect to your responses, the more accurately referrals can be matched to your interests. For those proposals which appear to match your interests, VCE will send you a copy of the Entrepreneur Application and the Executive Summary of the applicant's Business Plan that was prepared by the applicant.

Should you desire to learn still more about the investment opportunity, you will be advised of the name and address of the applicant. Concurrently, your name and address **as it appears below** will be provided to the applicant. Further exchanges and any arrangements will be entirely at your mutual discretion. Otherwise, the data you provide, including your name and address, will not be published, released, or publicly distributed.

An application fee of $100 entitles you to one year of activity in the VCE data base.

NAME ______________________________

HOME ADDRESS ______________________________

CITY ______________ **STATE** ______________ **ZIP CODE** __________

HOME TELEPHONE (**)** ______________________________

BUSINESS ADDRESS ______________________________

CITY ______________ **STATE** ______________ **ZIP CODE** __________

BUSINESS TELEPHONE (**)** ______________________________

WHICH ADDRESS WOULD YOU PREFER TO USE FOR VCE MAILINGS?

______ **HOME** ______ **BUSINESS**

NAME OF PERSON
COMPLETING THIS QUESTIONNAIRE (PRINT) ______________________________

SIGNATURE ______________________________

Profile Number: ______________________________
(office use only)

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VENTURE CAPITAL EXCHANGE

INVESTMENT INTEREST PROFILE

i. Are you an individual investor acting for your own account?

YES_____ NO_____

ii. Are you a professional venture capitalist employed by a venture capital firm or acting on behalf of a venture capital firm?

YES_____ NO_____

iii. If your answers to questions i and ii were no, please describe the nature of your interest in VCE.

____
____
____
____

NOTE: VCE is designed to facilitate the flow of information between entrepreneurs and investors. VCE is not designed as a source of clients for investment intermediaries, consultants, brokers, or others who charge fees for services to entrepreneurs. VCE reserves the right to withhold its services from individuals and organizations who are not acting as principals investing on their own behalf.

QUESTIONS 1 THROUGH 10 ARE DESIGNED TO CAPTURE THE BASIC CHARACTERISTICS OF YOUR INVESTMENTS INTERESTS.

1. Which business or industry categories are of interest to you?

_____ A. Agriculture/Fishing/Forestry
_____ B. Communications/Publishing
_____ C. Computer Software
_____ D. Education/Training
_____ E. Energy/Natural Resources
_____ F. Financial Services/Banking/Insurance
_____ G. Manufacturing - High Tech Products
_____ H. Manufacturing - Industrial & Commercial Products
_____ I. Manufacturing - Consumer Products
_____ J. Medical/Health Care
_____ K. Real Estate/Construction
_____ L. Recreation/Tourism
_____ M. Retail Trade
_____ N. Service - Technology Related
_____ O. Service - Other
_____ P. Transportation
_____ Q. Wholesale Trade.

2. In which geographical areas would you consider investing? (Please complete either the BASIC or the EXTENDED APPLICATION section).

BASIC APPLICATION: Answer A or B:

_____ A. Anywhere in the six-state area. (Oklahoma, Texas, Missouri, Arkansas, Kansas, New Mexico)

_____ B. If you have not checked "A," please list no more than six states in which you would consider investing:

_____________ _____________
_____________ _____________
_____________ _____________

EXPANDED APPLICATION: Answer A or B:

_____ A. Anywhere in the United States
_____ B. If you have not checked "A," please list up to twenty states in which you would consider investing:

_____________ _____________
_____________ _____________
_____________ _____________
_____________ _____________
_____________ _____________
_____________ _____________
_____________ _____________
_____________ _____________
_____________ _____________
_____________ _____________

3. Are you interested in investments outside the United States?

YES_____ NO_____

4. Please indicate which type(s) of ventures are of interest to you:

	Type of Firm	Characteristics:
_____	A. Start-up firm	A venture in the idea stage or in the process of being organized.
_____	B. Infant firm	A venture that has been organized and operating less than two years.
_____	C. Young firm	A venture that has been in existence for two years.
_____	D. Established firm #1	A venture that is over five years old and needs capital to maintain growth.
_____	E. Established firm #2	A venture that is over five years old and in need of turn-around assistance

5. Would you consider an entrepreneur's proposal that was not supported by a complete, written business plan?

YES______ NO______

6. To what extent do you normally expect to become involved with a company in your risk capital portfolio?

______ A. No involvement other than reviewing periodic reports and attending stockholder's meetings.
______ B. Representation on the firm's Board of Directors.
______ C. Provide consulting help as needed and requested.
______ D. Work part-time with the firm.
______ E. Work full-time with the firm.

7. **What is the MAXIMUM amount you would consider investing in any one situation? (check one)**

______ A. Under $10,000
______ B. $10,000 to $25,000
______ C. $25,000 to $50,000
______ D. $50,000 to $100,000
______ E. $100,000 to $250,000
______ F. $250,000 to $500,000
______ G. $500,000 to $1,000,000
______ H. More than $1,000,000

8. Are you willing to participate with other investors in investment opportunities that exceed the maximum you indicated in question 7?

YES______ NO______

9. Are you qualified and willing to provide management assistance in any of the following areas?

______ A. Marketing
______ B. Production
______ C. Finance
______ D. Research and Development
______ E. Personnel
______ F. General Management
______ G. All of the above
______ H. None of the above

10. Please indicate a venture's MINIMUM annual sales potential five years after financing that you would consider to be of interest. (check one)

______ A. $100,000
______ B. $500,000
______ C. $1 million
______ D. $2 million
______ E. $5 million
______ F. $10 million
______ G. $20 million
______ H. $40 million
______ I More than $40 million

PLEASE NOTE: During the VCE process you will be asked to return response cards indicating a positive or negative response to an investment opportunity. It is to your advantage in the referral process to return these cards as promptly as possible.

The answers to the following questions are not part of the VCE matching process. Analysis of this information will provide a profile of the type of investor interested in VCE. This profile will assist VCE in providing its service to investors and entrepreneurs and will contribute valuable data for research purposes. Your response is greatly appreciated.

11. Please indicate your preference with respect to the number of referrals submitted to you by VCE.

______ A. A large number of referrals, many of which may not fit all of your investment objectives.
______ B. A smaller number of referrals, most of which fit your investment objectives.

12. **Please describe your educational background.**

____
____
____

13. Please describe your professional background.

____
____
____

14. During the past five years, in how many entrepreneurial ventures have you invested? (excluding your own)

______ None ______ One ______ Two
______ Three ______ Four ______ Five
______ Six or more

15. Do you qualify as an "accredited investor" as defined in Regulation D of the Securities and Exchange Commission?

YES______ NO______ DON'T KNOW______

16. How did you first hear of VCE?

____
____
____

PLEASE MAIL YOUR CHECK FOR $100, CERTIFICATION FORM, AND COMPLETED QUESTIONNAIRE TO:

Venture Capital Exchange
Enterprise Development Center
The University of Tulsa
600 South College Avenue
Tulsa Oklahoma 74104

LEGAL DISCLAIMER

1. Venture Capital Exchange ("VCE") provides only a computerized information "matching" service to applicant entrepreneurs and investors. It does not function as a securities broker-dealer or investment advisor and is not registered as such with the Securities and Exchange Commission.

2. Investments resulting from introductions by VCE may involve a high degree of risk. All investors are encouraged to seek legal and other professional counsel prior to making such investments.

3. VCE has not evaluated or endorsed the merits of any investment opportunities presented through its services and makes no recommendations regarding the appropriateness of particular investment opportunities for particular investors. Each potential investor must rely on his own judgment regarding the merits of a particular investment opportunity.

4. It is expected that each potential investor shall conduct his own investigation of the facts submitted by individual entrepreneurs, solicit such information from the entrepreneur as needed to make an informed investment decision and negotiate the terms of his investment.

5. VCE has not made any independent investigation to verify the factual information submitted to potential investors by individual entrepreneurs. Hence, VCE makes no representations or warranties regarding the truth, accuracy or completeness of the information provided by applicant-entrepreneurs.

6. This application does not constitute an offer to sell or the solicitation of an offer to buy any investment interests in the business ventures of applicant-entrepreneurs. Any sales or purchases of investment interests resulting from a VCE computerized information "match" shall be on a negotiated basis between the entrepreneur and the investor(s) without any participation by or remuneration to VCE.

VENTURE CAPITAL EXCHANGE

Enterprise Development Center
The University of Tulsa
600 South College Avenue
Tulsa, Oklahoma 74104
(918) 592-6000, extension 3152 or 2684

Appendix X:

BUSINESS NEEDS EVALUATION SAMPLE SURVEY DOCUMENTS

QUESTIONNAIRE

1. Name: ______________________________

2. Address: ______________________________

3. Phone Number: ______________________________

4. Nature of Business: ______________________________

____

5. What service do you have trouble getting (Have to go out of the area to find, poor quality, or, too expensive): ______________________________

____

6. What product or raw material do you have problems obtaining (Have to go out of the area to get, feel is too expensive or poor quality): ______________________________

____

7. What type of business or service do you feel is needed in this area: ______________________________

____

8. Is there a particular technology that you would benefit from seeing the latest research literature: ______________________________

____

____

9. Other Comments: ______________________________

____

The above questionnaire is being sent to you in an effort to identify existing needs in this area. By identifying these needs, it may be possible to encourage business expansion or the recruitment of new business to this area. The SBDC at the NETCC (North East Texas Community College) is available to assist you in a number of ways. Please help us to help you by answering these questions and by calling on us if we can be of assistance to you. The results of this study will be made available to anyone who is interested. Please contact the Small Business Development Center at the North East Texas Community College.

QUESTIONNAIRE

Interviewer______________________

1. Name of Company: ____
2. Name of Company Official: __________________________________
3. Number of Employees: ____
4. Job Classification: ____
5. Type of Business: ____
   A. SIC Code: ____
6. Is there an employee organization? __________________________
7. What raw materials does the company use?
8. Who supplies the company with these raw materials? (Please note the name, address, telephone number, and contact person of the supplier)
9. What is the company's estimated yearly cost for raw materials? (Specify amounts for each material used)
10. What type of end products or services does the company provide?
11. What is the estimated yearly sales of the company's end product or services?
12. To whom does the company supply their end product or service?
13. Does the company ever encounter problems with the delivery of the raw materials?

    Sometimes______ Often______ Never______

    Explain.

14. What is the quality of the company's raw materials?
15. Does the company feel that their suppliers serve their company's needs adequately?
16. If the company does not feel that their suppliers serve their needs adequately what in their opinion is the problem?
17. Does the company feel there is a solution to these problems?
18. Give the geographical location of the company's suppliers?

BUSINESS RETENTION AND EXPANSION SURVEY

Survey Number ______________________________ SIC __________________

What form of organization is your business?

A) Corporation _________________________

B) Partnership _________________________

C) Family Business _____________________

D) Sole Proprietor _____________________

E) Non-Profit Corporation ______________

1) When was you firm established in ________________? ______________

2) What is the primary type of your business? (Please select one or more of the fields listed below)

____________ Construction

____________ Finance

____________ Manufacturing

____________ Real Estate

____________ Retail

____________ Service

____________ Technology

____________ Transportation

____________ Wholesale

____________ Other (Please describe)

____

____

3) What is your principal market area? (Enter this as a percentage for each of the following categories. The total of all categories will be 100%.)

City ______________________

Trade Area ________________

State _____________________

National __________________

International _____________

4) What specific product or service does your firm provide?

____

____

5) Is your firm minority owned?

__________ Yes __________ No

6) Is your firm locally owned?

__________ Yes __________ No

If not, where is your corporate headquarters located?

____

7) Do you own or lease this facility?

__________ Own __________ Lease

8) Do you have multiple locations?

__________ Yes __________ No

If so, where? ________________________________

9) Do you import or export products?

__________ Yes __________ No

__________ Import __________ Export

(Please check all that apply.)

__________ Raw Materials

__________ Finished Goods

__________ Services

10) Would a relationship with a foreign country substantially increase the sales of your products or services?

__________ Yes __________ No

11) If so, are you interested in starting or expanding importing or exporting?

__________ Yes __________ No

__________ Import __________ Export

If yes, what goods or services would this involve? ______________

____

II. LABOR

1) How many employees do you have? (circle)

	1	2	3	4	5	6	7	8	9
Employees	0-4	5-9	10-19	20-49	50-99	100-249	250-499	500-999	1000+

2) Of your total, how many part-time workers do you have? __________
(Part-time employment is 35 hours or less per week.)

3) Where do you get your employees? (Check all areas that apply.)

Area Vocational Schools ______________

College ______________

Employment Agency ______________

Job Service (TEC) ______________

Job Training (JTPA) ______________

Newspaper ______________

Other Employees ______________

Word of Mouth ______________

Other ______________

III. BUSINESS SERVICES

A. What importance do you give the following factors in considering remaining, expanding or relocating?

Rating Key:
1-Very Important
2-Important
3-Somewhat Important
4-Not Important

Remaining, Expanding or Relocating Factors
(circle appropriate numbers)

(01)	Labor (cost, skill, etc.)	1	2	3	4
(02)	Transportation (air, rail, water, port, foreign trade zones, etc.)	1	2	3	4
(03)	Land (zoning, cost, lease space, etc.)	1	2	3	4
(04)	Permit processes	1	2	3	4
(05)	Public utilities and services	1	2	3	4
(06)	Government programs (assistance, incentives)	1	2	3	4
(07)	Location to other companies	1	2	3	4
(08)	Capital (conventional, venture, industrial development bonds, etc.)	1	2	3	4
(09)	Business service (financial, legal, research)	1	2	3	4
(10)	Market access (local, regional, international)	1	2	3	4
(11)	Quality of life (environment, recreation, cultural, housing, etc.)	1	2	3	4
(12)	State/local taxes	1	2	3	4
(13)	Education (university, colleges, AVTI)	1	2	3	4
(14)	Supply access (raw materials, components)	1	2	3	4
(15)	Other (please specify) ____________________ ____	1	2	3	4

B. What factors listed above do you regard as most advantageous or favorable to remaining, expanding or relocating within this community? (Specify up to four corresponding factors from the above list.)

(1) ________

(2) ________

(3) ________

(4) ________

C. What factors listed above could discourage you from expanding or remaining? (Specify up to four corresponding factors from the above list.)

(1) ________

(2) ________

(3) ________

(4) ________

D. Have you ever sought management assistance from: (1-Yes 2-No)

Bank	1	2
Higher education institution	1	2
Local economic development group	1	2
State agency	1	2
Federal agency	1	2
Attorney	1	2
Accountant	1	2
Professional consultant	1	2
Other ______________________________	1	2

E. Have you sought management assistance from any public agency or organization listed below? (1-Yes 2-No)

Housing Development Authority	1	2
Small Business Development Center	1	2
Regional Development Center	1	2
Small Business Administration	1	2
Area Vocational Technical Institutes	1	2
Community College	1	2
MN Small Business Assistance Office	1	2

F. Have you received business financing assistance within the last five years from: (1-Yes 2-No)

Bank/Savings & Loan	1	2
Accountant	1	2
Venture capital company	1	2

Private investor	1	2
Local economic development group	1	2
State agency	1	2
Federal agency	1	2
Family or personal savings	1	2

G. Have you ever sought marketing assistance from: (1-Yes 2-No)

Bank	1	2
Private consultant	1	2
Local economic development group	1	2
State agency	1	2
Marketing club or group	1	2
Corporate franchise or affiliate	1	2
Trade associations	1	2

H. Have you ever sought marketing assistance from any public agency or organization listed below? (1-Yes 2-No)

Small Business Development Center	1	2
Small Business Administration	1	2
AVTI	1	2
Community College	1	2
MN Small Business Assistance Office	1	2

I. Would you like assistance from the city to develop a business plan? (1-Yes 2-No)

1 2

J. Would you like assistance from a Business Finance Specialist to develop expansion plans? (1-Yes 2-No)

1 2

IV. LOCATION

A. What were your primary reasons for locating your business here? (Rank top four reasons, 1 being the most important and 4 the least important.)

Family ties ____________

Area labor cost ____________

Labor supply ____________

Quality of life ____________

Proximity to market ____________

Financial incentives (loans or tax abatement) ____________

Availability of land ____________

Availability of raw materials ____________

Educational resources ____________

Profit potential of area ____________

Other (please describe) ____________

____

____

____

B. Are the services provided in our community, as listed below, adequate for your current or future business needs?

Rating key:
1 = Major problem
2 = Somewhat of a problem
3 = Potential problem
4 = No problem

Roads	1	2	3	4
Sewers	1	2	3	4
Water	1	2	3	4
Police protection	1	2	3	4
Fire protection	1	2	3	4
Solid waste disposal	1	2	3	4
Emergency medical services	1	2	3	4
Electric utilities	1	2	3	4
Gas utilities	1	2	3	4

School system	1	2	3	4
Telephone utilities	1	2	3	4
Regulator inspection	1	2	3	4
Availability of facility space	1	2	3	4
Availability of land	1	2	3	4
Other (please describe)	1	2	3	4

C. If you indicated a problem above, have you contacted the city or county about this problem? (1-Yes 2-No)

1 2

D. If yes, was the problem solved? (1-Yes 2-No)

1 2

E. What suggestions do you have to improve the services to businesses in our community?

V. HISTORY

A. Have you expanded your business facilities within the past 3 years? (1-Yes 2-No)

1 2

B. If yes, was it:

1 - At the same location

2 - At a new location within our community

C. If the expansion was at a new location, did the old location remain an operative part of your business? (1-Yes 2-No)

1 2

D. Have you reduced your business operation in the last 3 years? (1-Yes 2-No)

1 2

E. What was the reason for the reduction?

1 - Market decline
2 - Increased competition
3 - Increased cost of production
4 - Other ______________________________

F. What changes is your business planning for the next 2-3 years? (1-No change 2-Change)

Mix of goods and services	1	2
Expand facility	1	2
Relocate	1	2
Add employees	1	2
Reduce number of employees	1	2
Change production technology	1	2
Add product line	1	2
Other (please describe)	1	2

____

G. If you plan to relocate, where would you move?

1 - Within the city
2 - Within the county
3 - Within the state
4 - Other ____________

H. When do you expect this relocation to take place?

1 - Within the next 6 months
2 - 6 months to 1 year

3 - 1 year to 3 years

I. What is your principal reason for relocation outside the city?

____

____

____

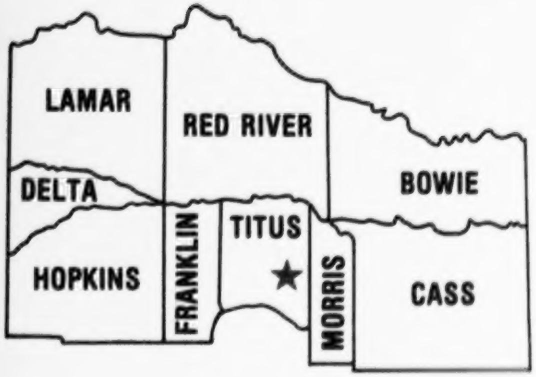
J. Would you be interested in the results of this survey?
(1-Yes 2-No)

1 2

Appendix Y:

PROCUREMENT CENTER MARKETING BROCHURE

...Serving Northeast Texas


LAMAR
RED RIVER
BOWIE
DELTA
TITUS
HOPKINS
FRANKLIN
MORRIS
CASS

★ Bid Center Facility
Northeast Texas
Community College Campus

NORTHEAST TEXAS
COMMUNITY COLLEGE
P.O. BOX 1307
MT. PLEASANT, TX 75455

Targeting the right market takes skill.

Improve
your
score
with......

Set your sights on...

- ⊕ New markets for existing products or services
- ⊕ New products for unused facilties and work force
- ⊕ Technical assistance in obtaining government contracts

Let Business & Industrial Development Center Answer Your Questions About Bidding On Government Contracts!!!

The Business & Industrial Development Center is designed to aid the business community in the pursuit of government contracts.

Federal law requires items purchased by the government - whether for military or civilian agencies - go through some type of bidding or proposal process.

So Why Do You Need The Bid Center?

Bid consultants trained to search out contracting opportunities are ready to help you with more than just the initial steps towards bidding on government contracts. The bid consultants will be there to provide appropriate technical assistance, so there is no need for even the smallest business to fear the mound of paperwork associated with most bid packets.

Through the Business & Industrial Development Center, drawings, plans and blueprints formerly at distant locations are available much quicker.

But What About Other Aspects Of Contracting - Like Quality Assurance?

Workshops on topics like quality assurance will be held to give businessmen the basic tools they need to be successful bidders.

How Much Will It Cost?

Funds to operate the Center are being provided by the Ark-Tex Private Industry Council through Ark-Tex Council of Governments. What that means is that the client only pays for direct costs, like postage, telephone calls, copies, etc.

Where Do You Sign Up?

Contact the Business & Industrial Development Center at Northeast Texas Community College and ask to speak to a bid consultant.

Bid consultants also will be available to speak to groups, clubs, chambers, or other organizations that want to know more about BID Center's services.

Call (214) 572-1911 or
Toll Free 1-800-441-8568
P.O. Box 1307
Mt. Pleasant, TX 75455

Located on FM 1735

Appendix Z:

SBA LOAN APPLICATION EXAMPLE

May 31, 1988

The enclosed loan application package represents a loan request to purchase my partner's one-half interest in the assets of of , acquire additional equipment and make improvements to the free-standing facility. The purchase of my partner's interest includes his ownership in the equipment, leasehold improvements and business goodwill. At the time of my purchase of his interest in , I will sell him my interest in the operation. My purchase offer will consist of refinancing of the . of existing debt, which we are jointly liable, and a cash payment of $5000 for the excess operation's goodwill.

We believe this purchase is reasonable and can be supported by the track record of the operation and existing cash flow of the business. With the expected continued growth of and markets, we believe the purchase price is fair and the projected cash flow is more than adequate to service the $75,000 loan request.

Your favorable review and consideration of this request is appreciated.

Sincerely,

LOAN APPLICATION
SUBMITTED BY
MAY 31, 1988

NAME OF BORROWER:	
ADDRESS OF BORROWER:	
TYPE OF BORROWER:	PROPRIETORSHIP
OWNERS:	
DESCRIPTION OF BUSINESS:	
CREDIT FACILITIES REQUESTED:	$75,000 LOAN
PURPOSE OF REQUESTED FACILITIES:	A. $58,000 - ACQUISITION OF EXISTING BUSINESS ASSETS B. $17,000 - ACQUISITION AND/OR IMPROVEMENT OF MACHINERY AND EQUIPMENT
MATURITY OF REQUESTED FACILITIES:	FIVE YEAR NOTE WITH AMORTIZATION SCHEDULE EFFECTIVE JULY 1988
REPAYMENT PROGRAM:	60 MONTHLY PAYMENTS OF $1,250.00 PRINCIPAL PLUS INTEREST
PRICING OF REQUESTED FACILITIES:	PRIME + 2.5% FLOATING FOR LOAN
SOURCES OF REPAYMENT:	A. OPERATING CASH FLOW FROM BUSINESS B. CONVERSION OF COLLATERAL TO CASH C. U.S. SMALL BUSINESS ADMINISTRATION GUARANTY D. OWNERS' NON-EXEMPT PERSONAL ASSETS
COLLATERAL:	PLEDGE OF COMPANY'S UNENCUMBERED ASSETS WHICH INCLUDE:

MACHINERY & EQUIPMENT	$78,421
FURNITURE & FIXTURES	290
INVENTORY	2,000
	$80,711

90% GUARANTY OF U.S. SMALL BUSINESS ADMINISTRATION

USE OF LOAN PROCEEDS

The applicant desires a $75,000 loan to purchase the of assets from . of partnership. The specific use of loan proceeds will be as follows:

$58,000	Purchase of assets and cash payment to partner	$58,000
$17,000	Computer system	2,000
	Delivery vehicle	7,000
	Yogurt machine	5,000
	Store improvements	3,000
		$17,000
$75,000		

OMB Approval No. 3245-0016
Expiration Date: 10-31-87

U.S. Small Business Administration

Application for Business Loan

Applicant	**Full Address**

Name of Business				**Tax I.D. No.**
Full Street Address				**Tel. No. (Inc. A/C)**
City	**County**	**State**	**Zip**	**Number of Employees (Including subsidiaries and affiliates)**
Type of Business			**Date Business Established** *	At Time of Application 8
Bank of Business Account and Address				If Loan is Approved 0 Subsidiaries or Affiliates (Separate from above) 8

Use of Proceeds: (Enter Gross Dollar Amounts Rounded to Nearest Hundreds)	Loan Requested	SBA USE ONLY
Land Acquisition		
New Construction/ Expansion/Repair		
Acquisition and/or Repair of Machinery and Equipment	$17,000	
Inventory Purchase		
Working Capital (Including Accounts Payable)		
Acquisition of Existing Business	$58,000	
Payoff SBA Loan		
Payoff Bank Loan (Non SBA Associated)		
Other Debt Payment (Non SBA Associated)		
All Other		
Total Loan Requested	$75,000	
Term of Loan	5 Years	

Collateral

If your collateral consists of (A) Land and Building, (D) Accounts Receivable and/or (E) Inventory, fill in the appropriate blanks. If you are pledging (B) Machinery and Equipment, (C) Furniture and Fixtures, and/or (F) Other, please provide an itemized list (labeled Exhibit A) that contains serial and identification numbers for all articles that had an original value greater than $500. Include a legal description of Real Estate offered as collateral.

	Present Market Value	Present Loan Balance	SBA Use Only Collateral Valuation
A. Land and Building	$ -0-	$ -0-	$
B. Machinery & Equipment	$78,421	*	
C. Furniture & Fixtures	290	*	
D. Accounts Receivable	-0-	-0-	
E. Inventory	2,000	-0-	
F. Other	-0-	-0-	
Totals	$80,711	$ 58,000*	$

PREVIOUS SBA OR OTHER GOVERNMENT FINANCING: If you or any principals or affiliates have ever requested Government Financing, complete the following:

Name of Agency	Original Amount of Loan	Date of Request	Approved or Declined	Balance	Current or Past Due
	$			$	
	$			$	

SBA Form 4 (2-85) Previous Editions Obsolete

INDEBTEDNESS: Furnish the following information on all installment debts, contracts, notes, and mortgages payable. Indicate by an asterisk (*) items to be paid by loan proceeds and reason for paying same (present balance should agree with latest balance sheet submitted).

To Whom Payable	Original Amount	Original Date	Present Balance	Rate of Interest	Maturity Date	Monthly Payment	Security	Current or Past Due
	$		$			$		
(SEE ATTACHED SCHEDULE)	$		$			$		
	$		$			$		
	$		$			$		

MANAGEMENT (Proprietor, partners, officers, directors and all holders of outstanding stock — 100% of ownership must be shown). Use separate sheet if necessary.

Name and Social Security Number	Complete Address	% Owned	*Military Service		*Race	*Sex
			From	To		

*This data is collected for statistical purposes only. It has no bearing on the credit decision to approve or decline this application.

ASSISTANCE List the name(s) and occupation(s) of any who assisted in preparation of this form, other than applicant.

Name and Occupation	Address	Total Fees Paid -0-	Fees Due -0-
Name and Occupation	Address	Total Fees Paid	Fees Due

Signature of Preparers if Other Than Applicant

THE FOLLOWING EXHIBITS MUST BE COMPLETED WHERE APPLICABLE. ALL QUESTIONS ANSWERED ARE MADE A PART OF THE APPLICATION.

For Guaranty Loans please provide an original and one copy (Photocopy is Acceptable) of the Application Form, and all Exhibits to the participating lender. For Direct Loans submit one original copy of application and Exhibits to SBA.

Submit SBA Form 1261 (Statements Required by Laws and Executive Orders). This form must be signed and dated by each Proprietor, Partner, Principal or Guarantor.

1. Submit SBA Form 912 (Personal History Statement) for each person e.g. owners, partners, officers, directors, major stockholders, etc.; the instructions are on SBA Form 912.

2. Furnish a signed current personal balance sheet (SBA Form 413 may be used for this purpose) for each stockholder (with 20% or greater ownership), partner, officer, and owner. Social Security number should be included on personal financial statement. Label this Exhibit B.

3. Include the statements listed below: 1, 2, 3 for the last three years; also 1, 2, 3, 4 dated within 90 days of filing the application; and statement 5, if applicable. This is Exhibit C (SBA has Management Aids that help in the preparation of financial statements.) All information must be signed and dated.

1. Balance Sheet
2. Profit and Loss Statement
3. Reconciliation of Net Worth
4. Aging of Accounts Receivable and Payable
5. Earnings projections for at least one year where financial statements for the last three years are unavailable or where requested by District Office.
   (If Profit and Loss Statement is not available, explain why and substitute Federal Income Tax Forms.)

4. Provide a brief history of your company and a paragraph describing the expected benefits it will receive from the loan. Label it Exhibit D.

ALL EXHIBITS MUST BE SIGNED AND DATED BY PERSON SIGNING

5. Provide a brief description of the educational, technical and business background for all the people listed under Management. Please mark it Exhibit E.

6. Do you have any co-signers and/or guarantors for this loan? If so, please submit their names, addresses and personal balance sheet(s) as Exhibit F. No

7. Are you buying machinery or equipment with your loan money? If so, you must include a list of the equipment and cost as quoted by the seller and his name and address. This is Exhibit G.

Yes

8. Have you or any officers of your company ever been involved in bankruptcy or insolvency proceedings? If so, please provide the details as Exhibit H. If none, check here: ☐ Yes ☒ No

9. Are you or your business involved in any pending lawsuits? If yes, provide the details as Exhibit I. If none, check here: ☐ Yes ☒ No

10. Do you or your spouse or any member of your household, or anyone who owns, manages, or directs your business or their spouses or members of their households work for the Small Business Administration, Small Business Advisory Council, SCORE or ACE, any Federal Agency, or the participating lender? If so, please provide the name and address of the person and the office where employed. label this Exhibit J. If none, check here: ☐ Yes ☒ No

11. Does your business, its owners or majority stockholders own or have a controlling interest in other businesses? If yes, please provide their names and the relationship with your company along with a current balance sheet and operating statement for each. This should be Exhibit K.

No

12. Do you buy from, sell to, or use the services of any concern in which someone in your company has a significant financial interest? If yes, provide details on a separate sheet of paper labeled Exhibit L.

No

13. If your business is a franchise, include a copy of the franchise agreement and a copy of the FTC disclosure statement supplied to you by the Franchisor. Please include it as Exhibit M.

No

CONSTRUCTION LOANS ONLY

14. Include a separate exhibit (Exhibit N) the estimated cost of the project and a statement of the source of any additional funds.

15. File the necessary compliance document (SBA Form 601).

16. Provide copies of preliminary construction plans and specifications. Include them as Exhibit O. Final plans will be required prior to disbursement.

DIRECT LOANS ONLY

17. Include two bank declination letters with your application. These letters should include the name and telephone number of the persons contacted at the banks, the amount and terms of the loan, the reason for decline and whether or not the bank will participate with SBA. In cities with 200,000 people or less, one letter will be sufficient.

EXPORT LOANS

18. Does your business presently engage in Export Trade?
Check here ☐ Yes ☐ No

19. Do you plan to begin exporting as a result of this loan?
Check here ☐ Yes ☐ No

20. Would you like information on Exporting?
Check here ☐ Yes ☐ No

AGREEMENTS AND CERTIFICATIONS

Agreements of Nonemployment of SBA Personnel: I/We agree that if SBA approves this loan application I/We will not, for at least two years, hire as an employee or consultant anyone that was employed by the SBA during the one year period prior to the disbursement of the loan. Yes

Certification: I/We certify: (a) I/We have not paid anyone connected with the Federal Government for help in getting this loan. I/We also agree to report to the SBA office of the Inspector General, 1441 L Street N.W., Washington, D.C. 20416 any Federal Government employee who offers, in return for any type of compensation, to help get this loan approved. No

(b) All information in this application and the Exhibits are true and complete to the best of my/our knowledge and are submitted to SBA so SBA can decide whether to grant a loan or participate with a lending institution in a loan to me/us. I/We agree to pay for or reimburse SBA for the cost of any surveys, title or mortgage examinations, appraisals etc., performed by non-SBA personnel provided I/We have given my/our consent. Yes

I/We understand that I/We need not pay anybody to deal with SBA. I/We have read and understand Form 394 which explains SBA policy on representatives and their fees. Yes

If you make a statement that you know to be false or if you over value a security in order to help obtain a loan under the provisions of the Small Business Act, you can be fined up to $5,000 or be put in jail for up to two years, or both.

If Applicant is a proprietor or general partner, sign below:

By: ______________________________ Date

If Applicant is a Corporation, sign below:

____
Corporate Name and Seal Date

____

By: ______________________________
Signature of President

Attested by: ______________________________
Signature of Corporate Secretary

ALL EXHIBITS MUST BE SIGNED AND DATED BY PERSON SIGNING THIS FORM.

SCHEDULE OF INDEBTEDNESS

(PAYOFFS AS OF 2/20/1988)

STATUS	SECURITY		MONTHLY PAYMENT
C	EQUIPMENT	$22,877.74 4,849.74	$1,000.00
C	CERTIFICATE OF DEPOSIT	10,520.97	415.00
C	LEASEHOLD IMPROVEMENTS	5,587.57 4,119.00	767.23
C	UNSECURED	2,047.50	100.90
C	EQUIPMENT	8,076.74	478.40
	TOTAL	$58,079.26	$2,761.53

To Whom It May Concern:

As we have explored the possibilities of consolidating our debts and trying to extend the loan time, the one problem more than any other that has come up is "donut shops or bakery businesses are not doing well or that it is a shakey business to be in or to finance."

May I take a moment to rebut those statements. First of all any new business is shakey for a number of reasons:

Capital
Expertise
Local Economy, etc.

But most of the time, it comes down to the individual that is starting the business. When the hours are long and the income is small, they tend to loose interest and eventually the business fails. I think you must look at the person starting the business more than the type of business. If that person has the intestinal fortitude to stick to the goal to make the business a success. Back to the donut and bakery shops failing more than any other new business - I have been in the donut business now for four years and during that period of time I have seen at least four donuts shops started and all are still in operation and most are doing well. I have seen mechanic shops, dress shops, small restaurants, upholstery shops, gas stations, boat dealerships, car dealerships, convenience stores and even large grocery stores go out of business, but no donut shops. According to all information that I have been able to assemble, the survival of the new business largely depends on the individual. Therefore, to single out donut shops or bakeries seems very unfair.

EXHIBIT D

BUSINESS HISTORY

of is a retail bakery and deli business with locations in and . The business is part of the assets owned by Donuts, Etc. of , a partnership which has existed since 1984. ., a proprietorship, will be created from the dissolution of the partnership. The proprietorship form of organization will be owned by

and his partner, , formed the partnership in October 1984 to own and manage retail donut stores in and . In November 1984 the partnership openea the store which has operated since its inception. opened and has operated the store since its startup in August 1985. Since the partnership formation, a branch of the store in has been opened and a branch and a satellite facility of the . store in have been opened.

The have developed the .-based operation into a profitable segment of the partnership's total operation without the assistance of . The partners manage their respective locations autonomously and combine the operating results for year end financial reporting purposes. of has demonstrated over the last 2 1/2 years an ability to increase sales levels, operate profitably, maintain and expand its market niche, and develop new products and manage new locations. The believe the operation has greater potential than the operation and thus, they desire to acquire from the partnership the operation's assets.

PRODUCTS

The principal activity of the business is the baking and retailing of donuts, pastry products, frozen yogurt dessert, ice cream and deli sandwiches. The business offers for sale to the retail public only "fresh baked daily" donuts, pastry products, breads, and cakes. considers the business to be a full-service bakery which offers its customers only fresh baked products; day-old or frozen bakery products are not included in the product line.

A full product line, which includes frozen yogurt dessert, ice cream and deli sandwiches, is offered at the store, where the bakery operation is located. A limited product line of fresh baked donuts and pastry items is offered at the two locations. Donuts and pastry items have been offered since 1985. Custom-baked cakes have been offered since 1987 through an outside contractor. In early 1988, brought the custom-baked cake production in-house and also began offering deli sandwiches at the store.

The business' donuts and pastry products are offered in a market where fresh baked daily products are generally not available. The grocery store bakeries offer products which are frozen and baked at other locations. Frozen yogurt dessert and deli sandwiches have been added to the product line to supplement the donut and pastry business during non-peak hours and also as a result of a lack of competition in the local market. The fresh-baked cakes are decorated in the Mt. Pleasant facility with a 2 hour notice for special orders.

THE MARKET

In order to generate a consistent and increasing sales flow, the business owner must become knowledgeable about his market - who are the people who will buy the product. has identified his general target markets to be residents of and . Texas with combined populations of approximately 17,000 people. However, the trade area for the target markets has a drawing population of approximately 50,000 people.

The traditional target groups for donut and pastry products are groups between the ages of 5 to 19 and over the age of 60. The dessert products appeal to all age groups, while the deli sandwiches are targeted to the employees of local businesses who are seeking an alternative to burgers and pizza for a lighter, healthier lunch.

. has an image of providing all fresh-baked products in an attractive atmosphere with fast, courteous service. The business offers the only location in either where the customer can place and pickup orders by using a drive-thru window, enjoy food and beverages on the premises, and purchase a made-to-order deli sandwich on fresh-baked bread.

Industry market studies indicate the company's traditional younger customer target group has been declining while the group over the age of 60 is increasing. Also, research indicates future trends for the bakery-products industry toward lower-calorie snacks with higher nutrition for the older target groups.

marketing strategy is to continue offering fresh-baked daily donuts, pastry products and decorated cakes to existing customers in and the free standing facility. The preliminary test marketing of the deli sandwiches indicated this product should be emphasized as an alternative lunch item. Also, a renovation of the free standing facility to include a yogurt machine and addition of deli sandwiches and decorated cakes is projected from the proceeds of the requested loan.

COMPETITION

The business' donut and pastry product lines have competition in the market but not in . A small, independent donut store is located in on Highway 49 east of the main business district. In addition, two grocery stores, and , sell bakery products in their stores in Mt. Pleasant. However, neither competitor offers fresh-baked daily products, deli sandwiches and custom-baked and decorated cakes on a 2 hour notice. Also, the business offers the only frozen yogurt dessert available in

Competitors of the business' product lines offer few competitive advantages. Prices for the donut and pastry products are approximately equal, while offers the only fresh-baked daily products. The grocery stores offer convenience while shopping for other merchandise and longer store hours. The other donut store in does not offer inside seating or have a drive-in window for customer ordering and pickup. In no competitor offers the deli sandwich products on fresh baked daily bread. Several competitors offer the frozen dessert products - etc.; however, no other business offers the frozen yogurt dessert.

While some competitors offer alternatives to donuts and pastry products, drive-thru windows and inside dining, the business has a unique market niche with its fresh-baked daily donuts, pastry items,custom-baked and decorated cakes on 2 hour notice, frozen yogurt dessert and deli sandwiches.

OPERATIONS

of offers its products at three separate locations. The location, which includes the bakery operation and a retail store, is a 2000 square foot facility located on a highly visible corner of a retail shopping center on the city's main traffic loop. The shopping center has a grocery store as the anchor tenant and is convenient to downtown businesses and the public schools.

The facility is under a 5 year triple net lease with rental payments of $900.00 per month and a 5 year renewal option at the same rental amount adjusted for any tax increase. Adequate public parking is available at all three store locations. The locations are also leased with a combined rental expense of $450.00 per month.

The business purchases its primary bakery supplies, related materials and baking equipment from of a wholesaler and retail donut shop operator, located in , . Other supplies, e.g. beverages, meats, yogurt mix, etc., are available from various suppliers located in and

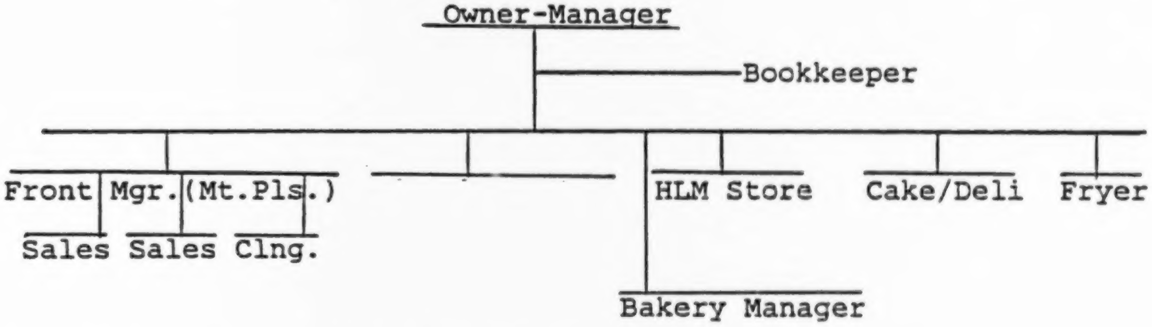
The business employs 4 full-time employees, including the owner, and 4 part-time employees. Availability of labor for the unskilled retail sales positions is good in the . markets. Wages range from $3.35 to $5.00 per hour. Training is on the job and under the supervision of the owner.

Production and quality control of the donut and pastry products are primary operational responsibilities. Cake baking/decorating and the deli sandwich products are controlled by and prepared by his assistant baker. , who has approximately 4 years experience in bakery operations, has an informal cost control system and monitors sales through the use of a daily product sales report.

EXHIBIT E

MANAGEMENT

, currently a partner in the . of partnersnip, will be the owner-manager of who is employed full-time as a banking officer at the . participates in the financial management of the partnership by preparing the internal financial reports for . of at nights and on the weekends. The existing organization chart for the based operation is as follows:



Sam Young, who is 44 years old, was born in , and graduated from . in in 1962. He served in the from 1962 to 1967 and is considered a He was employed by for 14 years as an agent and dispatcher. moved back to in 1980 and was employed for 4 years as a sales rep for until forming the of partnership in 1984.

responsibilities include supervision of all bakery production, purchasing of bakery materials, personnel and financial management of the -based operation. He has one full-time person in each of the following areas:

Front manager of . store who supervises retail sales and cleaning of the store.

store manager who handles retail sales and cleaning of the store.

Cake decorator who bakes/decorates cakes and breads for the deli sandwiches.

Fryer who fries donuts and other pastry products.

OMB Approval No. 3245-0016
Expiration Date 10-31-87

U.S. Small Business Administration
Summary of Collateral
OFFERED BY APPLICANT AS SECURITY FOR LOAN AND SBA APPRAISER'S VALUATION REPORT

Name and Address of Applicant: (Include Zip Code) ______

EMPLOYER ID NO.

SBA LOAN NO.

IMPORTANT INSTRUCTIONS FOR PREPARING THE LISTING OF COLLATERAL OFFERED AS SECURITY FOR LOAN

Page 1. Summary Of Collateral Offered By Applicant As Security For The Loan: This is a summarization of the detailed listing on SBA Form 4, Schedule A. If collateral is to be acquired, with proceeds of loan describe the collateral in detail on an *attachment* to Schedule A with the notation "To be acquired".

Show exact cost. If assets were acquired from a predecessor company at a price other than cost less depreciation.

The figures to be entered in the net book value column must agree with the figures shown in the balance sheet, on page 2 of the application, except for the assets, if any, not being offered as collateral and non-business assets, if any, which are being offered to secure guarantees.

If a recent appraisal has been made of the collateral offered, it should be submitted with the application.

Any leases on land and buildings must be described, giving date and term of lease, rental, name and address of owner.

Page 2. Real Estate:

Item 1 - **Land And Improvements:** (a) legal description from deed on the land - location - city where deed is recorded. Book and page numbers of Official Records. Describe the land improvements such as paving, utilities, fence, etc. (b) cost of land when purchased.

Item 2 - **Buildings:** (a) general description, describe each building or structure on the land. Include size, type of construction, number of stories, date erected, use and condition. (b) amount of taxes and the assessed value from tax bills. (c) total amount of income received by owner from rental of the described property. (d) cost of building when purchased.

INADEQUATE OR POORLY PREPARED LOAN APPLICATION AND LISTING OF COLLATERAL ON PAGE 3 WILL CAUSE DELAY IN THE PROCESSING OF LOAN APPLICATIONS.

Page 3 - It is most **IMPORTANT** that applicants make an **ACTUAL PHYSICAL INVENTORY OF THE EQUIPMENT** being offered as collateral. **DO NOT TAKE FROM BOOK RECORDS.** Actually list each in accordance with the classification, e.g.: 1. Machinery and Equipment; 2. Automotive Equipment; 3. Office furniture and equipment; 4. Other—jigs, dies, fixtures, airplanes, etc.

Page 4 - Is a continuation of Equipment being offered.
Group items in accordance with the above classifications

Show: manufacturer or make, model and serial numbers, size, year, whether purchased new, used, or rebuilt.
BE SURE ITEMS LISTED CAN BE READILY INSPECTED BY SBA APPRAISERS.

SUMMARY

Item	Cost	Net Book Value	Not to be used by applicant
1. Land and land improvements			
2. Buildings			
3. Machinery and Equipment	$102,000	$40,000	
4. Automotive Equipment			
5. Office furniture and equipment	570	-0-	
6. Other			
7. Total	$102,570	$40,000	
8. Real and chattel mortgages (Not to be paid from SBA loan req.) Attach details	X X X X		
9. Equity	X X X X		
10. To be acquired (Cost)	$17,000	X X X X	
11. Total	$119,570	$40,000	

THE APPRAISER CERTIFIES that he has personally and thoroughly inspected the collateral as listed in this Report. Furthermore, as of ______ the market values shown in the above Summary are fair and reasonable as of that date. Additional comments are attached to this Report.

SBA Appraiser's Signature

Date of Report

SBA Form 4 Schedule A (2-85) REF SOP 5010 previous editions are obsolete.

Personal Property (Chattels)

OFFERED BY APPLICANT AS SECURITY FOR LOAN AND SBA APPRAISER'S VALUATION REPORT

The following described chattels are located or headquartered at (Include Zip Code) ______

Above location is owned ( ) leased ( )

EMPLOYER ID NO. ______

SBA LOAN NO. ______

It is most **IMPORTANT** that applicants make an **ACTUAL PHYSICAL INVENTORY OF THE EQUIPMENT** being offered as collateral. **DO NOT TAKE FROM BOOK RECORDS.** Actually list each item in accordance with the classification, e.g.:* 1. Machinery and Equipment 2. Automotive Equipment 3. Office furniture and equipment 4. Other - jigs, dies, fixtures, airplanes, etc.

Show: manufacturer or make, model and serial numbers, size, year, whether purchased new, used or rebuilt.

List chattels at different locations on separate sheets. * Description of ______	Model	Serial Number	New Used Rebuilt	NOT TO BE USED BY APPLICANT	
				Cond.	Market Value
Carry Totals of Each Classification to Page 1 (Summary) Lines 3, 4, 5, and 6.				Total	

INADEQUATE OR POORLY PREPARED LOAN APPLICATION AND LISTING OF COLLATERAL WILL CAUSE DELAY IN THE PROCESSING OF LOAN APPLICATIONS. BE SURE ALL ITEMS CAN BE READILY INSPECTED BY SBA APPRAISER.

I, ______ ______,
(Signature of owner, partner, or corporation officer) (Title)

of the ______
(Name of Firm)

certify that the above machinery and equipment listing represents an *actual physical inventory* taken on (date) ______. Mark items (in column 2) with an asterisk if they are subject to conditional bills of sale or chattel mortgages the balance of which will not be paid off from an SBA loan. Carry total of such balances to line 8, page 1 (Summary).

SBA Form 4 Schedule A (2-86) REF SOP 5010 previous editions are obsolete.

EQUIPMENT -

OFFICE

	INVOICE PRICE
1 - Desk	100.00
1 - Office Chair	25.00
1 - Hideabed Couch	100.00
2 - Calculators (Royal 248PD)	65.00
	290.00

MT PLEASANT SHOP

1 - Filter Machine - Used	650.00
1 - Sweden Soft Serve Machine	2584.20
1 - Hobart Meat Slicer	1150.00
1 - Wells (2 basket) Fryer	725.00
1 - G.E. Food Processor	50.00
1 - Mop Bucket	76.20
2 - 30-Gal. Barrells @23.50	47.00
1 - Air Brush (for cake decorating)	180.00
1 - Dough Bowl - 20 qt.	39.40
1 - 20 qt. Mixer (Hobart)	1250.00
1 - Cold Spot 16' Refrigerator	825.00
2 - Chest Freezers @ $200 ea.	400.00
1 - Upright Freezer	400.00
3 - Pan Racks @ 175 ea	525.00
32 - 18x26 Metal Oven Pans @ 4.00	128.00
6 - 9x26 Metal Oven Pans @ 3.00	18.00
1 - Montague Convection Oven Md EK15A-1	1400.00
1 - 6' x 30" Maple Work Table	379.00
1 - 8' x 36" Maple Work Table	800.00
3 - 20-Gal. Brute Containers@ 18.75	56.25
6 - Casters @ 27.05	162.30
2 - 6' Stainless Steel Tables @ 250.	500.00
1 - Bakers Scales	185.00
1 - Hobart 30-Qt. Mixer	1600.00
1 - 30-Qt. Dough Bowl	65.00
1 - 23" Screen Cradle	55.00
1 - Belshaw Proof Box (New)	1575.00
1 - Hunter Filter Machine (new)	1170.00
1 - Screen Rack (3-compartment 26x36)	785.00
24 - 23"x23" Screens @ 17.50	420.00
1 - Belshaw Fryer (24") (new)	2293.00
1 - DEC Glazer, 24"x34"	1100.00
1 - Automatic Cake Machine	875.00
6 - Jelly Pumps @ 155.	930.00
24 - White Trays 18x26" @ 13.40	321.60
24 - White Trays 18x26" @ 13.40	321.60
18 - White Small Trays 12x18" @ 6.90	124.20
2 - Royal Cash Registers ER-145 @ 239.	478.00
1 - Dr. Pepper Ref. Display Box 2 Dr 52"	1485.00
2 - 5' Counters @ 375	750.00
1 - Little Litton Microwave	325.00
2 - Dbl-Head Taylor Sof Serve Ice Cream Machine	9000.00

CONTINUED

	INVOICE PRICE
2 - 4' Counters @ 300.	600.00
1 - Delfield Refrigerated Pie Case	895.00
2 - 77" Lighted Showcases @ 1290.	2580.00
1 - Welmoore Ice-O-Matic Ice Machine, Model D-600-A-38P-4	2775.00
1 - 4-Drink Fountain Head	1950.00
1 - 5' Two-Door Ice Cream Display Case	1275.00
4 - 32-Gal. Brute Container @ 25.30	101.20
1 - Double Sink 2/Drain Board	300.00
1 - Belshaw Type K Cake Machine (used)	155.00
7 - Booths @ 265.	1855.00
1 - Arrow Sign	475.00
1 - 4'x12' Sign (Front of Bldg)(Lighted)	1550.00
1 - 4' Letters Sign	285.00
1 - Flip Top Trash Container & Cover	54.20
1 - Neon OPEN sign	185.00
1 - Grease Trap	250.00
1 - Vent-A-Hood	2650.00
1 - Make-Up Air	620.00
	54759.15

IN STORAGE

1 - 2-Compartment Sink	300.00
1 - Showcase 74" (used)	575.00
1 - 46" Cabinet	50.00
1 - Pepsi Refrigerator Display 47" (excellent)	1350.00
2 - Used Fryers @ 750.	1500.00
1 - 8' Wood Work Table (not maple)	200.00
13 - Chairs @ 12.00	156.00
3 - Tables @ 62.00	186.00
2 - Fire Extinguishers @ 45.00	90.00
1 - 4'x 8'Lighted Sign	800.00
1 - Bakers Scales (used)	155.00
1 - Hobart 20-Qt. Mixer	600.00
1 - 3-Compartment Sink	250.00
1 - Glazer	450.00
	6662.00

TOTAL EQUIPMENT	$61,711.15

FY 1988 CASH BUDGET
(DOLLARS)

		Act 1/88	Act 2/88	Act 3/88	Act 4/88	Est 5/88	Est 6/88	Est 7/88	Est 8/88	Est 9/88	Est 10/88	Est 11/88	Est 12/88	Total
Sales		18,138	18,612	22,223	20,645	21,000	20,000	20,000	17,000	17,000	20,000	21,000	21,000	236,618
Cost of Goods Sold	38%	6,892	7,073	8,445	7,845	7,980	7,600	7,600	6,460	6,460	7,600	7,980	7,980	89,915
Gross Profit		11,246	11,539	13,778	12,800	13,020	12,400	12,400	10,540	10,540	12,400	13,020	13,020	146,703
Gen & Admin Expns														
Salaries		4,500	4,500	5,000	5,000	5,000	5,500	5,500	5,500	5,500	5,500	5,500	5,500	62,500
Payroll Expns	10%	450	450	500	500	500	550	550	550	550	550	550	550	6,250
Rent		1,350	1,350	1,350	1,350	1,350	1,350	1,350	1,350	1,350	1,350	1,350	1,350	16,200
Utilities		700	700	700	700	700	700	700	700	700	700	700	700	8,400
Telephone		100	100	100	100	100	100	100	100	100	100	100	100	1,200
Vehicle Expns		300	300	300	300	300	300	300	300	300	300	300	300	3,600
T & E		100	100	100	100	100	100	100	100	100	100	100	100	1,200
Advertising		300	300	300	300	300	300	300	300	300	300	300	300	3,600
Acctng/Legal		100	100	100	100	100	100	100	100	100	100	100	100	1,200
Outside Services		200	200	200	200	200	200	200	200	200	200	200	200	2,400
Taxes		100	100	100	100	100	100	100	100	100	100	100	100	1,200
Insurance		100	100	100	100	100	100	100	100	100	100	100	100	1,200
Supplies		400	400	400	400	400	400	400	400	400	400	400	400	4,800
Repairs/Main.		250	250	250	250	250	250	250	250	250	250	250	250	3,000
Miscellaneous		200	200	200	200	200	200	200	200	200	200	200	200	2,400
Total G & A Expenses		9,150	9,150	9,700	9,700	9,700	10,250	10,250	10,250	10,250	10,250	10,250	10,250	119,150
Income Before Interest		2,096	2,389	4,078	3,100	3,320	2,150	2,150	290	290	2,150	2,770	2,770	27,553
CASHFLOW														
Beginning of Month Cash		3,000	2,496	2,285	3,783	4,323	5,103	6,733	6,883	5,186	3,501	3,688	4,508	
Add: Cash Receipts		18,138	18,612	22,223	20,645	21,000	20,000	20,000	17,000	17,000	20,000	21,000	21,000	
Borrowings		0	0	0	0	0	75,000	0	0	0	0	0	0	
Less: G & A Expenses		9,150	9,150	9,700	9,700	9,700	10,250	10,250	10,250	10,250	10,250	10,250	10,250	
Cash Disbursements		6,892	7,073	8,445	7,845	7,980	82,600	7,600	6,460	6,460	7,600	7,980	7,980	
Interest		600	600	580	560	540	520	750	738	725	713	700	688	
Repayment of Borrowings		2,000	2,000	2,000	2,000	2,000	0	1,250	1,250	1,250	1,250	1,250	1,250	
End of Month Cash		2,496	2,285	3,783	4,323	5,103	6,733	6,883	5,186	3,501	3,688	4,508	5,341	
End of Month Borrowings		60,000	0	0	0	0	75,000	0	0	0	0	0	0	
Cumulative Borrowings		60,000	58,000	56,000	54,000	52,000	75,000	73.750	72,500	71,250	70,000	68,750	67,500	

INCOME AND EXPENSE REPORT

For Period Ending February 1988

INCOME

Sales	$ 18,611.78		
Less Cost of Goods Sold	- 5,183.66	(27.85%)	
Total Income			$ 13,428.12

EXPENSES

Advertising	232.81	(1.25%)	
Wages	4,098.78	(22.02%)	
Store Supplies	532.91	(2.86%)	
Repairs	307.93	(1.65%)	
Telephone & Utilities	2,578.07*	(13.85%)	
Office Supplies			
Miscellaneous	15.00	(0.80%)	
Travel & Entertainment	253.44	(1.36%)	
Interest	106.93	(0.57%)	
Dues			
Rent	900.00	(4.83%)	
Linens	148.65	(0.79%)	
Outside/Janitorial Services	160.64	(0.86%)	
Legal & Audit			
Insurance			
Taxes (Payroll)	307.81	(1.65%)	
Tax (Other)			
Depreciation Expense			
Cakes **	160.00	(0.85%)	
Total Expenses			9,802.97 (52.67
PROFIT/(LOSS)			$ 3,625.15

* Includes trying to pay all utilities for HLM and closing that out - deposits

** Started baking and decorating cakes at our store instead of buying from another baker

FOR PERIOD ENDING 12-31-87

INCOME		
GROSS SALES	183,454.89	
LESS COST OF GOODS SOLD	64,623.24	(35.0%)
TOTAL INCOME	118,831.65	
EXPENSES		
ADVERTISING	1,761.59	(.96%)
WAGES	39,626.63	(21.6%)
STORE EXPENSES/SUPPLIES	5,327.64	(2.9%)
REPAIRS	2,390.73	(1.3%)
TELEPHONE & UTILITIES	7,075.03	(3.85%)
OFFICE SUPPLIES	271.80	(.14%)
MISCELLANEOUS	2,554.29	(1.39%)
TRAVEL & ENTERTAINMENT	3,388.92	(1.84%)
INTEREST	7,021.52	(3.82%)
DUES		
RENT - BUILDING	12,100.00	(6.59%)
RENT - EQUIPMENT	59.50	(.02%)
LINENS	2,017.15	(1.09%)
OUTSIDE SVC. - JANITORIAL	1,295.50	(.70%)
CONTRACT LABOR	169.80	(.09%)
LEGAL & AUDIT	826.00	(.45%)
INSURANCE		
OTHER TAXES	270.58	(.14%)
DEPRECIATION		
PAYROLL TAXES	2,833.30	(1.54%)
CAKES	7,722.93	(4.2%)
TOTAL EXPENSES	96,712.91	
PROFIT/LOSS	22,318.74	(52.66%)

INCOME & EXPENSE REPORT
For Period Ending 12/31/86 (year end)

INCOME

Sales	172,333.95	
Less Cost of Goods Sold	- 71,414.38	
Total Income		$ 100,919.57

EXPENSES

Advertising		
Wages	2058.52	
Store Supplies	33122.79	
Repairs	4630.95	
Telephone & Utilities	2487.83	
Office Supplies	10187.17	
Miscellaneous	204.44	
Travel & Entertainament	2640.42	
Interest	3356.97	
Dues	2872.95	
Rent - Building	-0-	
Rent - Equipment	12825.00	
Linens	1500.00	
Outside/Janitorial Services	1897.40	
Contract Labor	1976.34	
Legal & Audit	4351.06	
Insurance	200.00	
Taxes (Payroll)	1236.25	
Tax (Other)	2139.12	
Depreciation Expense	190.50	
Total Expenses		87,877.71

PROFIT (LOSS)	$ 13,041.86

(Prepared Without Audit)

INCOME AND EXPENSE REPORT
For Period Ending year ending 12/85

INCOME

Sales	$ 55,681.06	
Less Cost of Goods Sold	- 24,745.52	
Accounts Receivables	2,528.75	
Total Income		$ 33,464.29

EXPENSES

Advertising	760.41	
Wages	13,458.30	
Store Supplies	1,397.77	
Repairs	698.14	
Telephone & Utilities	2,581.07	
Office Supplies	300.72	
Miscellaneous	999.67	
Travel & Entertainment	999.33	
Interest	1,498.53	
Dues	20.00	
Rent	3,600.00	
Linens	635.72	
Outside/Janitorial Services	551.75	
Legal & Audit		
Insurance		
Taxes (Payroll)		
Tax (Other)	948.23	
Depreciation Expense		
Total Expenses		28,449.75
PROFIT/(LOSS)		$ 5,014.54

Form **1065**

Department of the Treasury
Internal Revenue Service

U.S. Partnership Return of Income

▶ For Paperwork Reduction Act Notice, see Form 1065 Instructions.

For calendar year 1986, or fiscal year beginning ...., 1986, and ending ...., 19...

OMB No. 1545-0099

1986

A Principal business activity

B Principal product or service

C Business code number

Use IRS label. Otherwise, please print or type.

Name

Number and street (or P.O. Box number if mail is not delivered to street address)

City or town, state, and ZIP code

D Employer identification number

E Date business started

F Enter total assets at end of tax year
$

G Check accounting method: (1) ☐ Cash (2) ☒ Accrual (3) ☐ Other

H Check applicable boxes: (1) ☐ Final return (2) ☐ Change in address (3) ☐ Amended return

I Number of partners in this partnership ▶ 2

		Yes	No
J	Is this partnership a limited partnership (see the Instructions)?		X
K	Is this partnership a partner in another partnership?		X
L	Are any partners in this partnership also partnerships?		X
M	Does the partnership meet all the requirements shown in the Instructions for Question M?		Y
N	Was there a distribution of property or a transfer (for example, by sale or death) of a partnership interest during the tax year? If "Yes," see the Instructions concerning an election to adjust the basis of the partnership's assets under section 754		X

		Yes	No
O	At any time during the tax year, did the partnership have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? (See the Instructions for exceptions and filing requirements for Form TD F 90-22.1.) If "Yes," write the name of the foreign country. ▶		X
P	Was the partnership the grantor of, or transferor to, a foreign trust which existed during the current tax year, whether or not the partnership or any partner has any beneficial interest in it? If "Yes," you may have to file Forms 3520, 3520-A, or 926		

Q Check this box if the partnership has filed or is required to file Form 8264, Application for Registration of a Tax Shelter ☐

R Check this box if this is a partnership subject to the consolidated partnership audit procedures of TEFRA ☐

Caution: 1986-87 Fiscal year partnerships see the Instructions for Form 1065 before completing page 1.

TAXPAYER'S COPY

Income

1a	Gross receipts or sales $ 258,895.65 1b Minus returns and allowances $ – Balance ▶	1c	258 895 65
2	Cost of goods sold and/or operations (Schedule A, line 7)	2	112 271 26
3	Gross profit (subtract line 2 from line 1c)	3	146 624 39
4	Ordinary income (loss) from other partnerships and fiduciaries (attach schedule)	4	
5	Taxable interest and nonqualifying dividends	5	
6a	Gross rents $ .... 6b Minus rental expenses (attach schedule) $		
c	Balance net rental income (loss) ▶	6c	
7	Net income (loss) from royalties (attach schedule)	7	
8	Net farm profit (loss) (attach Schedule F (Form 1040))	8	
9	Net gain (loss) (Form 4797, line 17)	9	
10	Other income (loss). Miscellaneous	10	2 054 21
11	TOTAL income (loss) (combine lines 3 through 10)	11	148 678 60

Deductions

12a	Salaries and wages (other than to partners) $ 56997.76 12b Minus jobs credit $ – Balance ▶	12c	56 997 76
13	Guaranteed payments to partners	13	
14	Rent	14	21 044 27
15a	Total deductible interest expense not claimed elsewhere on return (see Instructions) 15a 16976 73		
b	Minus interest expense required to be passed through to partners on Schedule K-1 (1065), 15a(1), 15a(2), and 15a(3) 15b –		
c	Balance ▶	15c	16 976 73
16	Taxes	16	622 96
17	Bad debts	17	
18	Repairs	18	3,187 41
19a	Depreciation from Form 4562 (attach Form 4562) $ 19033.12 19b Minus depreciation claimed on Schedule A and elsewhere on return (including Schedules K-1) $ – Balance ▶	19c	19 033 12
20	Depletion (*Do not deduct oil and gas depletion.*)	20	
21a	Retirement plans, etc.	21a	
b	Employee benefit programs	21b	
22	Other deductions (attach schedule)	22	37 373 54
23	TOTAL deductions (add amounts in column for lines 12c through 22)	23	155 235 79
24	Ordinary income (loss) (subtract line 23 from line 11)	24	<6 557 19>

Please Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

▶ Signature of general partner ▶ Date

Paid Preparer's Use Only

Preparer's signature ▶ Date Check if self-employed ▶ ☑ Preparer's social security no.

Firm's name (or yours, if self-employed) and address ▶ E.I. No. ▶ ZIP code ▶

Schedule A Cost of Goods Sold and/or Operations

1 Inventory at beginning of year	1	4415	00
2 Purchases minus cost of items withdrawn for personal use	2	101 380	73
3 Cost of labor . . . Contract Labor	3	4351	06
4 Other costs (attach schedule) . . Store Supplies	4	7085	69
5 Total (add lines 1 through 4)	5	117 232	48
6 Inventory at end of year	6	4961	22
7 Cost of goods sold (subtract line 6 from line 5). Enter here and on page 1, line 2	7	112 271	26

8a Check all methods used for valuing closing inventory:

(i) ☐ Cost

(ii) ☒ Lower of cost or market as described in regulations section 1.471-4

(iii) ☐ Writedown of "subnormal" goods as described in regulations section 1.471-2(c)

(iv) ☐ Other (specify method used and attach explanation) ▶

b Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970) ☐

c If you are engaged in manufacturing, did you value your inventory using the full absorption method (regulations section 1.471-11)? ☐ Yes ☐ No

d Was there any change in determining quantities, cost, or valuations between opening and closing inventory? If "Yes," attach explanation. ☐ Yes ☒ No

Schedule B Distributive Share Items

(a) Distributive share items		(b) Total amount
1 Net long-term capital gain (loss)	1	
2 Other net gain (loss) under section 1231 and specially allocated ordinary gain (loss)	2	
3a If the partnership had income from outside the United States, enter the name of the country or U.S. possession ▶		
b Total gross income from sources outside the United States	3b	

Schedule L Balance Sheets

(See the Instructions for Question M before Completing Schedules L and M.)

Assets	Beginning of tax year (a)	Beginning of tax year (b)	End of tax year (c)	End of tax year (d)
1 Cash		<5995.81>		<6166.03>
2 Trade notes and accounts receivable	[illegible]		11.72	
a Minus allowance for bad debts		155.00	-	11.72
3 Inventories		4415.00		4961.22
4 Federal and state government obligations				
5 Other current assets (attach schedule)				
6 Mortgage and real estate loans				
7 Other investments (attach schedule)				
8 Buildings and other depreciable assets	8924205		88648.22	
a Minus accumulated depreciation	2006059	69181.46	39093.71	49554.51
9 Depletable assets				
a Minus accumulated depletion				
10 Land (net of any amortization)				
11 Intangible assets (amortizable only)				
a Minus accumulated amortization				
12 Other assets (attach schedule) Deposits Prepaid		789253		12310.26
13 TOTAL assets		7564813		6067169
Liabilities and Capital				
14 Accounts payable		268414		1311.75
15 Mortgages, notes, and bonds payable in less than 1 year		<9956.29>		
16 Other current liabilities (attach schedule)				
17 All nonrecourse loans				
18 Mortgages, notes, and bonds payable in 1 year or more		10237020		9728737
19 Other liabilities (attach schedule)				
20 Partners' capital accounts		<19449.92>		<37927.44
21 TOTAL liabilities and capital		75648.13		60671.68

Schedule M Reconciliation of Partners' Capital Accounts

(Show reconciliation of each partner's capital account on Schedule K-1 (Form 1065), Question H.)

(a) Capital account at beginning of year	(b) Capital contributed during year	(c) Ordinary income (loss) from page 1, line 24	(d) Income not included in column (c), plus nontaxable income	(e) Losses not included in column (c), plus unallowable deductions	(f) Withdrawals and distributions	(g) Capital account at end of year
<19 449.92>		<6557.19>			1192033	<37927.44>

☆U.S. Government Printing Office: 1987—493-154 23-0916750

SCHEDULE K-1
(Form 1065)
Department of the Treasury
Internal Revenue Service

Partner's Share of Income, Credits, Deductions, etc.

For calendar year 1986 or fiscal year
beginning ...., 1986, and ending ...., 19....

OMB No. 1545-0099

1986

Partner's identifying number ▶

Partner's name, address, and ZIP code

Partnership's identifying number ▶ 75-1986320

Partnership's name, address, and ZIP code

A(1) Is partner a general partner? . . . . . ☒ Yes ☐ No
(F.Y. Partnerships only) If "yes" to Question A(1):
(2) Does partner materially participate in the trade or business activity(ies) included in lines 1a, 7, 10, and 12? . . . . . . ☒ Yes ☐ No
(3) Does partner actively participate in the rental real estate activity(ies) included in lines 1b and 11d? . . . . ☐ Yes ☐ No

B Partner's share of liabilities
Nonrecourse. . . . . $ 48643.68
Other . . . . $ -0-

C What type of entity is this partner? ▶ Individual

D Enter partner's percentage of:	(i) Before decrease or termination	(ii) End of year
Profit sharing	50 %	50 %
Loss sharing	50 %	50 %
Ownership of capital	50 %	50 %

E IRS Center where partnership filed return ▶ Austin TX
F Tax Shelter Registration Number ▶
G(1) (F.Y. Partnerships only) Did the partner's ownership interest in the partnership increase after Oct. 22, 1986? ☐ Yes ☐ No
If yes, attach statement. (See page 12 of the Form 1065 Instructions.)
(2) (F.Y. Partnerships only) Did the partnership start or acquire a new activity after Oct. 22, 1986? . . . . ☐ Yes ☐ No
If yes, attach statement. (See page 12 of the Form 1065 Instructions.)

H Reconciliation of partner's capital account:

(a) Capital account at beginning of year	(b) Capital contributed during year	(c) Ordinary income (loss) from line 1a below	(d) Income not included in column (c), plus nontaxable income	(e) Losses not included in column (c), plus unallowable deductions	(f) Withdrawals and distributions	(g) Capital account at end of year
<4455.52>		<3278.60>			6519.16	<14253.28>

Caution: *Refer to attached Partner's Instructions for Schedule K-1 (Form 1065) before entering information from this schedule on your tax return.*

		(a) Distributive share item	(b) Amount	(c) 1986 1040 filers enter the amount in column (b) on:
Income (Loss)	1a	Ordinary income (loss)	<3278.60>	Sch. E, Part II, col. (e) or (f)
	b	Income or loss from rental real estate activity(ies). (F.Y. Partnerships only)	▨	(See Partner's Instructions for Schedule K-1 (Form 1065))
	c	Income or loss from other rental activity(ies). (F.Y. Partnerships only)		
	d	Portfolio income not reported elsewhere on Schedule K-1. (F.Y. Partnerships only)	▨	
	2	Guaranteed payments		Sch. E, Part II, column (f)
	3	Dividends qualifying for exclusion		Sch. B, Part II, line 4
	4	Net short-term capital gain (loss).		Sch. D, line 5, col. (f) or (g)
	5	Net long-term capital gain (loss)		Sch. D, line 12, col. (f) or (g)
	6	Net gain (loss) under section 1231 (other than due to casualty or theft)		Form 4797, line 1
	7	Other (attach schedule)		(Enter on applicable lines of your return)
Deductions	8	Charitable contributions		See Form 1040 Instructions
	9	Expense deduction for recovery property (section 179)		(See Partner's Instructions for Schedule K-1 (Form 1065))
	10	Other (attach schedule)		(Enter on applicable lines of your return)
Credits	11a	Credit for income tax withheld		See Form 1040 Instructions
	b	Low-income housing credit (F.Y. Partnerships only)		(See Partner's Instructions for Schedule K-1 (Form 1065))
	c	Qualified rehabilitation expenditures related to rental real estate activity(ies). (F.Y. Partnerships only) (attach schedule)	▨	
	d	Credit(s) related to rental real estate activity(ies) other than 11b and 11c. (F.Y. Partnerships only) (attach schedule) . . .	▨	
	e	Credit(s) related to rental activity(ies) other than 11b, 11c, and 11d. (F.Y. Partnerships only) (attach schedule)	▨	
	12	Other credits (attach schedule)		(Enter on applicable lines of your return)
Self-employment	13a	Net earnings (loss) from self-employment	<3278.60>	Sch. SE, Part I
	b	Gross farming or fishing income		(See Partner's Instructions for Schedule K-1 (Form 1065))
	c	Gross nonfarm income		

For Paperwork Reduction Act Notice, see Form 1065 Instructions.

Schedule K-1 (Form 1065) 1986

SCHEDULE K-1
(Form 1065)
Department of the Treasury
Internal Revenue Service

Partner's Share of Income, Credits, Deductions, etc.

For calendar year 1986 or fiscal year
beginning .... 1986, and ending .... 19....

OMB No. 1545-0099

1986

Partner's identifying number ▶

Partner's name, address, and ZIP code

Partnership's identifying number ▶ 75-1986320

Partnership's name, address, and ZIP code

A(1) Is partner a general partner? ☒ Yes ☐ No
(F.Y. Partnerships only) If "yes" to Question A(1):
(2) Does partner materially participate in the trade or business activity(ies) included in lines 1a, 7, 10, and 12? ☒ Yes ☐ No
(3) Does partner actively participate in the rental real estate activity(ies) included in lines 1b and 11d? ☐ Yes ☐ No

B Partner's share of liabilities
Nonrecourse. $ 48643.69
Other $ --

C What type of entity is this partner? ▶ Individual

D Enter partner's percentage of:

	(i) Before decrease or termination	(ii) End of year
Profit sharing	50 %	50 %
Loss sharing	50 %	50 %
Ownership of capital	50 %	50 %

E IRS Center where partnership filed return ▶ Austin
F Tax Shelter Registration Number ▶
G(1) (F.Y. Partnerships only) Did the partner's ownership interest in the partnership increase after Oct. 22, 1986? ☐ Yes ☐ No
If yes, attach statement. (See page 12 of the Form 1065 Instructions.)
(2) (F.Y. Partnerships only) Did the partnership start or acquire a new activity after Oct. 22, 1986? ☐ Yes ☐ No
If yes, attach statement. (See page 12 of the Form 1065 Instructions.)

H Reconciliation of partner's capital account:

(a) Capital account at beginning of year	(b) Capital contributed during year	(c) Ordinary income (loss) from line 1a below	(d) Income not included in column (c), plus nontaxable income	(e) Losses not included in column (c), plus unallowable deductions	(f) Withdrawals and distributions	(g) Capital account at end of year
<14994.40>		<3278.59>			5401.17	<23674.16>

Caution: *Refer to attached Partner's Instructions for Schedule K-1 (Form 1065) before entering information from this schedule on your tax return.*

		(a) Distributive share item	(b) Amount	(c) 1986 1040 filers enter the amount in column (b) on:
Income (Loss)	1a	Ordinary income (loss)	<3278.59>	Sch. E, Part II, col. (e) or (f)
	b	Income or loss from rental real estate activity(ies). (F.Y. Partnerships only)	▨	(See Partner's Instructions for Schedule K-1 (Form 1065))
	c	Income or loss from other rental activity(ies). (F.Y. Partnerships only)		
	d	Portfolio income not reported elsewhere on Schedule K-1. (F.Y. Partnerships only)	▨	
	2	Guaranteed payments		Sch. E, Part II, column (f)
	3	Dividends qualifying for exclusion		Sch. B, Part II, line 4
	4	Net short-term capital gain (loss)		Sch. D, line 5, col. (f) or (g)
	5	Net long-term capital gain (loss)		Sch. D, line 12, col. (f) or (g)
	6	Net gain (loss) under section 1231 (other than due to casualty or theft)		Form 4797, line 1
	7	Other (attach schedule)		(Enter on applicable lines of your return)
Deductions	8	Charitable contributions		See Form 1040 Instructions
	9	Expense deduction for recovery property (section 179)		(See Partner's Instructions for Schedule K-1 (Form 1065))
	10	Other (attach schedule)		(Enter on applicable lines of your return)
Credits	11a	Credit for income tax withheld		See Form 1040 Instructions
	b	Low-income housing credit (F.Y. Partnerships only)		(See Partner's Instructions for Schedule K-1 (Form 1065))
	c	Qualified rehabilitation expenditures related to rental real estate activity(ies). (F.Y. Partnerships only) (attach schedule)	▨	
	d	Credit(s) related to rental real estate activity(ies) other than 11b and 11c. (F.Y. Partnerships only) (attach schedule)	▨	
	e	Credit(s) related to rental activity(ies) other than 11b, 11c, and 11d. (F.Y. Partnerships only) (attach schedule)	▨	
	12	Other credits (attach schedule)		(Enter on applicable lines of your return)
Self-employment	13a	Net earnings (loss) from self-employment	<3278.59>	Sch. SE, Part I
	b	Gross farming or fishing income		(See Partner's Instructions for Schedule K-1 (Form 1065))
	c	Gross nonfarm income		

For Paperwork Reduction Act Notice, see Form 1065 Instructions.

Schedule K-1 (Form 1065) 1986

Form **4562**

Department of the Treasury
Internal Revenue Service

Depreciation and Amortization

▶ See separate instructions.
▶ Attach this form to your return.

OMB No. 1545-0172
1986
Attachment Sequence No. 67

Name(s) as shown on return

Identifying number

Business or activity to which this form relates

Part I **Depreciation** (Do not use this part for automobiles, certain other vehicles, computers, and property used for entertainment, recreation, or amusement. Instead, use Part III.)
See instructions under Items You Should Note for new rules for certain assets placed in service after July 31, 1986.

Section A.—Election To Expense Recovery Property (Section 179)

(a) Class of property	(b) Cost	(c) Expense deduction
1		
2 Listed property—Enter total from Part III, Section A, column (h)		
3 Total (see instructions for limitations). (Partnerships or S corporations—see the Schedule K and Schedule K-1 Instructions of Form 1065 or 1120S)		

Section B.—Depreciation of Recovery Property

(a) Class of property	(b) Date placed in service	(c) Basis for depreciation (Business use only—see instructions)	(d) Recovery period	(e) Method of figuring depreciation	(f) Deduction
4 Accelerated Cost Recovery System (ACRS) (see instructions): *For assets placed in service* ONLY *during tax year beginning in 1986*				▨	▨
a 3-year property	▨				
b 5-year property	▨				
c 10-year property	▨				
d 15-year public utility property	▨				
e Low-income housing					
f 15-year real property					
g 18-year real property					
h 19-year real property					
5 Listed property—Enter total from Part III, Section A, column (g)					
6 ACRS deduction for assets placed in service prior to 1986 (see instructions)					14208.43

Section C.—Depreciation of Nonrecovery Property

7 Property subject to section 168(e)(2) election (see instructions)	
8 Other depreciation (see instructions)	482469

Section D.—Summary

9 Depreciation from Form 4562A (see instructions)	
10 Total (add deductions on lines 3 through 9). Enter here and on the Depreciation line of your return (Partnerships and S corporations—Do NOT include any amounts entered on line 3.)	19033.12

Part II **Amortization**

(a) Description of property	(b) Date acquired	(c) Cost or other basis	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
1 Amortization for property placed in service only during tax year beginning in 1986			▨	▨	▨
2 Amortization for property placed in service prior to 1986					
3 Total. Enter here and on Other Deductions or Other Expenses line of your return					

See Paperwork Reduction Act Notice on page 1 of the separate instructions.

Form **4562** (1986)

75-192632

Form 1065

Schedule of Other Deductions Line 22

Advertising	$ 3471 05		
Telephone & Utilities	15416 40		
Office Expense	369 51		
Miscellaneous Store	3320 63		
Travel & Entertaining	4419 77		
Linens	2848 59		
Outside Services	2610 34		
Legal & Audit	400 00		
Insurance	4517 25		
		$ 37373 54	

FOOD COSTS COMPARISON

	SEPT. 85	MAR. 86	JULY 86	DEC. 86	JUNE 87	DEC. 87
FLOUR	8.25	8.25	8.25	7.90	8.20	7.90
SUGAR	17.50	17.50	17.50	17.25	17.50	17.90
BASE	20.00	20.00	19.75	18.90	18.90	18.21
SHORTNING	19.00	17.50	17.00	17.50	17.50	16.95
CAKE	24.50	24.50	24.50	24.50	24.50	24.50
YEAST	43.00	43.00	43.00	41.00	41.00	34.81
2 DOZ. BOXES	19.00	19.00	19.00	19.00	18.25	18.94
1 DOZ. BOX	23.95	23.95	23.95	23.95	22.70	22.70
	175.20	173.70	172.95	170.00	168.55	161.91

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